



August 14, 2020

Ms. Tracie Gray, Director  
Bureau of Life, Accident & Health Insurance  
Commonwealth of Pennsylvania Insurance Department  
1311 Strawberry Square  
Harrisburg, PA 17120

Re: Highmark Choice Company (HCC) 2021 ACA Rate Filing (Small Group Market)  
HCC Filing # 1A-SG-HCC-2020 (SERFF Filing # HGHM-132381009)

**This constitutes Notice pursuant to Section 707 of the Pennsylvania Right-to-Know Law that the attached Highmark Choice Company 2021 Small Group Market Rates Filing contains Trade Secret and Confidential Proprietary Information. Therefore, Highmark Choice Company must, prior to the release of any portion of this Filing, be notified of any request by a third party for access to this Filing, and the Trade Secret and/or Confidential Proprietary Information identified by Highmark Choice Company should be redacted before release.**

Dear Ms. Gray:

This Filing revises the original Highmark Choice Company (HCC) (NAIC # 95048; HIOS Issuer ID # 38949) Small Group Market Off Exchange ACA rate filing and the supporting rate development for policies with effective dates on or after **January 1, 2021**. The Company is submitting a revised Cover Letter, PA Actuarial Memorandum, and URRT Part II document pursuant to the Department's request. These changes will be reflected in the Public PDF as well.

**In the event the Department decides to publish this Filing in the PA Bulletin, the company information requested as per the Department's 2021 ACA-Compliant Health Insurance Rate Filing Guidance, Section B, is provided below:**

1. Company Name & NAIC #: **Highmark Choice Company, NAIC # 95048 ("Company")**
2. Market: **Small Group ("Market")**
3. On or Off Exchange: This Company's products are offered **Off Exchange only**
4. Effective date of coverage: **January 1, 2021**

5. Average rate change requested: **0.0% (no membership in renewing plans)**
6. Range of rate change requested: **0.0% to 0.0% (no membership in renewing plans)**
7. Total additional annual revenue generated from the proposed rate change: **\$0**
8. Product(s): **HMO**
9. Rating Areas and the change from 2020: **Regions 1, 2, 4, 5, 6** (Western, PA only)

There are no changes in our covered Rating Areas from the 2020 rate filing.

10. Metal Levels and Catastrophic Plans: This filing reflects that the Company anticipates selling the following Metal Levels of coverage in the indicated Market: **Bronze**
11. Current number of covered lives and of policyholders as of February 1, 2020: **32 covered lives; 20 policyholders**
12. Number of plans offered in 2021 and the change this represents from 2020: **1**

For 2021, there is no change from 2020.

Please note that inclusion of premium rates in this filing for a given offering should not be construed to mean that the offering will ultimately be made available for sale in the market. Final offering decisions will be made consistent with and within the timelines set forth in CMS rules and/or ACA regulations.

13. Corresponding contract form number, SERFF and Binder ID numbers: The corresponding SERFF binder number is **HGHM-PA21-125098238** affecting the following Company products and forms:

<b>Product Name / Type</b>	<b>Contract Form &amp; SERFF #</b>
HCC HMO	HMO-SM/WG-8, HMO/GA-SM/WG; HGHM-132368346

14. HIOS Issuer ID # and submission tracking number: **HIOS Issuer ID # 38949, Company Filing # 1A-SG-HCC-2020 (SERFF Filing # HGHM-132381009)**

### **Additional Filing Disclosures**

The Company has submitted all Required Documents stipulated by the Department, including the federal documents related to this filing, in its SERFF submission. In addition to the Required Documents, the Company has submitted a Supplemental Exhibits file containing additional detailed exhibits on items referenced in the PA Actuarial Memorandum. All tables, exhibits, and detail in support of this filing and the PA Actuarial Memorandum have been included in Excel format. For the Department's benefit, the Excel files have retained their formulas to the extent possible.

CMS has instructed issuers that it no longer requires any interim changes to the URRT to be submitted to HIOS. CMS is requesting that only the initial URRT and the final URRT be submitted to HIOS.

**Potential for Material Unforeseen Impacts:** This filing assumes that there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and that there are no significant changes in the participation of QHP issuers that would materially change risk adjustment transfer amounts. Modifications to the rate development may be necessary if significant unforeseen events occur. Examples include, but are not limited to, repeal or invalidation of the ACA or material developments in the course of the COVID-19 pandemic. As a result, Highmark reserves the right to submit a revised filing.

### **Request for Confidentiality**

Please note that the rates and the supporting rate development contained in this Filing are competitively sensitive, are not in the public domain, and constitute business confidential proprietary/trade secret information that would cause harm to the competitive position of Highmark Choice Company if disclosed to the public.

Public disclosure of any information contained in this Filing would allow Highmark Choice Company competitors to better understand or discover its confidential and proprietary rating, pricing and/or marketing practices, would undermine competition in the Small Group market, and could have negative consequences for the operation of Highmark Choice Company's business. Therefore, Highmark Choice Company asserts that this Filing, in its entirety, constitutes Trade Secret and Confidential Proprietary Information and should not be disclosed.

It is our understanding that the Department does not intend to publish the confidential and proprietary information contained in this Filing or to otherwise permit this Filing and its confidential information, other than the redacted information and final approved rates, to be disclosed or released.

Furthermore and pursuant to the Pennsylvania Right-to-Know Law ("RTKL"), Highmark Choice Company must be notified prior to release of information contained in this Filing and be given

the opportunity to respond to requests for such information. Should the Department receive such request or require the release of information contained in this Filing for its own purposes, Highmark Choice Company asserts its right to release a redacted version of the Filing. In accordance with the RTKL, please contact the Highmark Choice Company RTKL representative identified below prior to release of any information contained in this Filing:

Lisa Martinelli, Esq.  
RTKL Representative  
VP Chief Privacy Officer  
120 Fifth Avenue, FAP Suite 2114  
Pittsburgh, PA 15222

Furthermore, it should be noted that Highmark Choice Company is equally concerned that even if this information is released in aggregate form, it still may be easy to identify the carrier that submitted it.

Should you have any questions regarding the attached Filing, please feel free to contact me at (412) 544-3845 or via e-mail at: [Cory.Orzak@highmark.com](mailto:Cory.Orzak@highmark.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Cory Orzak', with a long horizontal flourish extending to the right.

Cory Orzak, FSA, MAAA  
Vice President, Actuarial Services  
Highmark Inc.

cc: Tija Hilton-Phillips, Esq.  
Nicholas Sarneso  
William R. Sarniak  
Ryan Slean

# Pennsylvania Actuarial Memorandum

## 1. Basic Information and Data

### A. Company Information (Table 0)

Table 0 has been completed as per the instructions. Please refer to the Excel file “2021\_SmGrp\_HCC\_PAAMExhibits\_061520.xlsm” submitted with this filing containing the department’s required tables.

Note that for the remainder of this document, “Company” refers to Highmark Choice Company (HCC), “Market” refers to Small Group, and “Rating Area” refers to Pennsylvania Rating Regions 1, 2, 4, 5, and 6 (Western, PA only). No Service Area changes were made since the last approved filing.

### B. Rate History and Proposed Variations in Rate Changes

The most recent three years of historical rate changes in the Pennsylvania Small Group Market for the Company are as follows:

Year	Avg. Increase	SERFF ID#
2020	-5.2%	HGHM-131937197
2019	-33.4%	HGHM-131496326
2018	-0.1%	HGHM-131014795

Rate changes vary by plan, as plan benefits need adjusted to help maintain compliance with metal level requirements. Other base rate components (pricing actuarial factor and network discount) are also re-evaluated each year. For 2021, the Company’s proposed rate revisions vary by plan, according to the detail presented in the URRT, Worksheet 2, and the PA Rate Template Table 10.

### C. Average Rate Change

Table 10, column AC shows no reported rate change. There is no membership in the renewing plans.

For comparison, the change in 21-year-old non-tobacco premium PMPM calculated in Table 11, cell AN13, is a 0.00% increase. This rate change reflects the change for first quarter 2021 rates over first quarter 2020 rates. However, as there is no enrollment currently in the renewal product, a rate increase amount is not calculated in Table 11.

### D. Membership Count (Table 1)

Table 1 has been completed according to the instructions with the average age, age breakdown and total number of members or member months, as indicated in the table. For the 2/1/2020 data, this table reflects all Small Group enrollment, including enrollment from 2019 and 2020 plan year plans.

### E. Benefit Changes

The renewal plan required benefit changes because of the new Actuarial Value (AV) calculator released for 2021 effective dates. The plan changes were mostly required so that the plans remained within the

defined metal level AV requirements, and were enacted by adjusting member cost sharing and the maximum out of pocket levels.

For the 2021 plan year, there were no benefit changes necessary to the Company's plans to cover the benefits contained in the state's Essential Health Benefit (EHB) benchmark plan.

## **F. Experience Period Claims and Premium (Table 2)**

Please see Table 2 for the experience period data for the most recent calendar year, for the Company and Market. The experience period paid claims data represents the 2019 calendar year results for all non-grandfathered policies in the single risk pool, with run out through February 2020 (2 months). This data is consistent with the data reported in Section I of Worksheet I of the URRT (see below commentary).

The components of this exhibit were developed as follows:

- The Earned Premium represents actual revenues earned in the experience period.
- The Allowed Claims represent our best estimate of the total claims prior to member cost sharing incurred during the experience period. The Allowed Claims include:
  - Two months of run out from the end of the experience period,
  - Claims processed outside of the Company's claims system (e.g., settlements), and
  - Our best estimate of claims incurred but not paid as of the end of the run out period.

Note that the Incurred Claims and Allowed Claims presented in the URRT are net of the Prescription Drug Rebates, while Table 2 has the Prescription Drug Rebates separately identified. As per the URR instructions, Allowed Claims do not include reinsurance recoveries or pooling charges, nor do they include quality incentive payments.

- There are no non-EHB benefits or costs in the experience period.
- The EHB coverage for pediatric vision benefits are provided by our vision coverage vendor under a capitation arrangement. These costs are \$0.62 PMPM per ACA member in the experience period. This translates to \$0.16 PMPM uniform across each member (\$0.62 PMPM for ACA members and \$0 PMPM for Transitional members) in the experience period. This \$0.16 PMPM is reflected in Table 2 under the Total EHB Capitation section.
- The Estimated Risk Adjustment represents our best estimate of the year end risk adjustment transfer payment that the Company will incur based on the results in the experience period. This amount reflects the Department's calculated revised risk adjustment transfer amount sent to the Company on June 30, 2020.
- The calculated loss ratio is 56.3%.

## **G. Credibility of Data (Tables 2b, 3b, 4b)**

We do not use a rigid credibility formula or pre-defined manual rate in the small group market. Based on professional judgment, if the experience can be used to produce reasonable results, it will be considered fully credible in lieu of a rigid formula. The Company's experience is not credible on its own. To develop the experience used in the rating and trend analysis, the Company utilizes experience from its parent company, Highmark Inc., as well as Highmark Inc.'s other subsidiaries, Highmark Health Insurance Company and Highmark Coverage Advantage. The combined experience used is limited to the Company's

Rating Area and Market, and provides a more credible base to analyze the trend components impacting the business in the Company's Market.

Given the combined company experience used to develop the rating, the Company has provided the requested Tables 2b, 3b, and 4b within this filing submission.

## **H. Trend Identification (Table 3)**

Table 3 identifies the annual medical and prescription drug allowed claims cost and utilization trends, as requested by the Pennsylvania Insurance Department. The definitions of service categories, cost, and utilization in Table 3 are consistent with the URRT instructions. The numbers entered in the Cost and Utilization columns are consistent with those entered in Worksheet I, Section 2 of the URRT, except as noted below.

To arrive at our trend assumption, the experience period cost and utilization data were pulled from the Company's claims systems by the defined benefit categories. For the trend component development, the Company uses results from the combined experience of the following companies within the Highmark corporate family: Highmark Inc., Highmark Choice Company, Highmark Health Insurance Company, and Highmark Coverage Advantage. The combined experience used is limited to the Company's Rating Area and Market, and provides a more credible base to analyze the trend components impacting the business in the Company's Market. The trend development uses a projection of allowed claim PMPMs by service category that takes into account many factors, including the Company's expectations of changes in in-network provider contracting levels, changes in out-of-network costs, changes in utilization from medical management programs, and changes in drug costs from impacts such as generic drug development and new drug treatments. To reflect the impact of provider contracting on trend, changes in in-network provider contracting levels, either known or anticipated, are factored into the cost component of trend using detailed analysis of the impact on claim levels from each material provider arrangement.

These projected costs measure and normalize for benefit leveraging, population aging, and historical changes in fee schedules, as well as company-wide utilization management programs, and external trend drivers. Based upon the coverage and demographics of our membership, our historical claim levels, adjusted for these factors and projected forward, represent the best estimates of trend for this block of business. Please note that since these historical claim levels are normalized throughout to account for these forces impacting claim utilization and costs, the claim levels presented will not reflect actual experience claim levels.

For the rate development, the Company uses the aggregate claim trend for all types of service, applied to the experience period. This is done so that the combined trend is reasonable in consideration of the various pricing trend components and the overall anticipated trend level. Based on a review of the projected normalized annual trends for 2020 and 2021, an overall claim trend of 9.6% (8.5% cost; 1.0% utilization) was selected for the 2021 rate development. Please refer to the "Trend Support" exhibit in the "2021 Supplemental Exhibits - HCC.xlsx" file showing the historical and projected normalized claim values for the Company's trend determination, along with the Company's proposed rate trend.

For this Small Group Market filing, quarterly rates are proposed, with rates adjusted each quarter based on the Total Annual Trend presented in Table 3, excluding the Induced Utilization trend. The quarterly trend is based on the cost and utilization trend from Table 3. Note that we zeroed out the impact of the Capitation trend in the Composite URRT Trend. The change in the Capitation charge is reflected in the Change in Benefits adjustment discussed below.

## **I. Historical Experience (Table 4)**

Table 4 presents the most recent 48 months (4 calendar years) of Company data with run-out through February 2020. Allowed claims are sourced from claim records with adjustments for claims that are outside of the claims processing system such as hospital settlements. This data, combined with the data from other companies within Highmark's corporate family, was used to develop the trend in Table 3. Please see Section H for further details.

## **2. Rate Development & Change**

### **A. Projected Index Rate, Market-Adjusted Index Rate, & Total Allowed Claims (Table 5)**

The development of the Projected Index Rate, Projected Market-Adjusted Index Rate, and Projected Total Allowed Claims, shown in Table 5, closely follows that utilized in the development presented in Worksheet 1 of the URRT, a discussion of which can be found in the Part III Actuarial Memorandum submitted in the Rate Filing Justification.

Since the Company's small group experience is not credible on its own, the rate development uses the combined company experience data discussed in Section 1.G above. Since the Company's Actual Experience Data is not used in the rate development, the discussion below on the Single Risk Pool Adjustment Factors refers to the Manual Data column (Column D) of Table 5. Some of the items separately identified in Table 5 include:

- The Change in Morbidity represents an adjustment from the experience period claims to the projection period. Pursuant to the Department's COVID-19 Impact Guidance, the Company has included a 1.9% morbidity adjustment due to the impact of COVID-19 on 2021 claim costs. See below for additional commentary related to the projection period assumptions.
- The Change in Demographics adjustment reflects the change in age and geography factors we expect from the experience period to the projection period.
- The Change in Network adjustment reflects the change in the allowed claims we anticipate due to changes in in-network discount levels between the experience period and the projection period.
- The Change in Benefits adjustment reflects the change in the EHB benefits (pediatric benefits) we anticipate between the experience period and the projection period, as well as the change in expected pharmacy rebates. See below for additional commentary related to these cost changes.



Please see the worksheet named “Table 5 Support” in the “2021 Supplemental Exhibits - HCC.xlsx” file for the calculation of these factors from our experience period data and projected rate results.

Our initial step in developing the index rates is to determine the expected covered membership for the rating period. We estimate the covered member base by adjusting for those groups known to have lapsed during the experience period, and those that we expect will lapse prior to the projection period. Then we add in expected new business from groups with current transitional coverage moving to ACA plans, and groups currently with another carrier.

As we have seen through the transitional coverage availability period, many of the Small Group market customers have retained their pre-ACA coverage, and have yet to join the ACA risk pool. With the transitional coverage provisions extension through the end of 2021 for groups that renew on or prior to October 1, 2021, we continue to believe that many groups, especially lower-risk groups, will continue to retain their current transitional coverage until required to transfer coverage. We are expecting that enrollment drops slightly and that we lose some of the better risk groups. Also, with the continued availability of transitional coverage, we expect any new groups moving into ACA products from transitional coverage will be of higher morbidity.

#### Impact of COVID-19

The Change in Morbidity – All Other factor was increased by 1.9% to reflect the estimated impact of COVID-19 on 2021 claim costs. The drivers of the increase are costs directly related to COVID-19, such as a possible vaccine and continued cost sharing waivers, as well as other care delivery changes. Due to these factors we are currently estimating an impact to 2021 claim costs of 1.9% in the PA Small Group ACA market. The components of the adjustment are discussed below.

*COVID-19 Treatment Costs* (1.6% increase in 2021 claims): The primary driver for 2021 is the cost of a potential new vaccine. We assume a vaccine is available and 90% of members get it in 2021, either in the office or at a retail pharmacy. Additionally, we assume some vaccines will be administered in an additional office visit with waived cost sharing. Also, we assume COVID-19 testing will be required before any outpatient procedure.

*Care Delivery Change* (0.3% increase in 2021 claims): We assume some increase in cost of care due to member health deteriorating slightly. Additionally, we assume a higher intensity of services per visit as providers re-engage with their patients. Finally, we assume some care will be shifted to more expensive sites of service.

#### Total Morbidity Adjustment

The change in morbidity factor applied to this Company’s experience is 1.000, since it didn’t make sense to estimate a change in morbidity for a non-credible base. The change in morbidity factor used to adjust the manual data to this Company’s projected level of morbidity is 0.794. We apply a factor of 1.019 to each of these morbidity factors for COVID-19. The credibility adjusted level of morbidity is worse than the 2019 experience of this Company

The Change in Benefits adjustment reflects our estimate of the additional costs associated with the addition of EHBs from the experience period to the coverage period, as well as a change in expected Pharmacy rebates.

The combination of the above assumptions results in a Change in Benefits factor of 0.919.

The development of the Projected Paid to Allowed Ratio shown in Table 5 is presented in the “2021 Supplemental Exhibits - HCC.xlsx” file in the “Table 5 Paid-to-Allowed” worksheet. This value is consistent with the paid-to-allowed ratio in the URRT Worksheet 2, line 4.15 Incurred Claims, divided by line 4.11 Allowed Claims.

Table 5 reflects that we are assuming a Projected Risk Adjustment receivable in the projection period of \$13.18 PMPM. To arrive at the anticipated risk transfer for 2021, we bring in the risk adjustment calculation components for the projected 2021 Company portfolio (as discussed above), and use our current knowledge of the Pennsylvania Small Group market profile to estimate the risk adjustment components for the entire state Market. This Market-wide profile is developed from available Market data, including the Interim Summary Report on Risk Adjustment for the 2019 Benefit Year published by CMS, the PA Insurance Department’s calculation of 2019 risk adjustment transfer amounts using the final RATEE files, prior years’ risk adjustment transfer results, publicly available data (such as MLR reports and rate filings), and outside expertise from actuarial consultants.

The Company considered the impact of the high-cost risk pooling payment for the Small Group market, first implemented in 2018, in its development of its anticipated risk transfer for 2021, and is assuming that the net cost (payments less recoveries) will be negligible for the 2021 projection period.

The Projected Paid Exchange User Fees are developed from the Exchange user fees to be charged by CMS in 2021, multiplied by the percentage of business we expect to purchase Market coverage through the Exchange for this Company. For this Company, all business will be offered Off Exchange in 2021, so there are no Exchange User Fees charged in the rate development.

For this Small Group Market filing, Table 5A has been completed, showing the number of member months renewing by quarter, and the quarterly Single Risk Pool Projected Allowed Claims.

## **B. Retention Items (Table 6)**

Table 6 has been completed with the requested retention elements for the proposed rates for the rating period. The administrative expenses and taxes and fees presented in the rate development in Table 6 cell C53 equal the Taxes and Fees in Table 10.

Administrative costs reflect internal costs that the Company is projected to incur in the projected experience period, and are developed from standard expense allocation methods. Agent/broker fees and commissions reflect our anticipated costs for these items in the experience period.

The development of internal administrative costs utilizes an allocation of Company costs back to lines of business. The allocation method uses measureable stats such as claims worked, inquiries worked, contracts, and members to allocate the majority of expenses. When possible, expenses are direct charged if they can be identified by product instead of going through an allocation method. For corporate allocations, a TCI (total costs incurred) methodology is generally used to allocate by product.

The Health Insurance Provider Fee has been repealed for calendar years beginning after December 31, 2020. As such, a charge for this fee is no longer reflected in the rate development.

In addition, the Patient-Centered Outcomes Research Institute (PCORI) Fee was extended for an additional 10 years, and will be collected for all 2021 policy years. As such, the taxes and fees reflected in this filing include the anticipated PCORI fee to be collected.

The following Taxes and Fees were included in the rate development:

- \$0.23 PMPM for the PCORI Fee; and
- \$0.25 PMPM for the Risk Adjustment User Fee

Note the following regarding plan level retention items:

- The rate development reflects a 0.00% profit and risk load for all products and plans. The Company has voluntarily refrained from including a profit and risk load in this filing. By this voluntary action, the Company is not waiving any right to include a profit and risk load which the Company believes is consistent with historical and legal interpretations of the Company and the Department.
- The administrative expenses as a percentage of expected claims do not vary by plan.
- Expenses for Quality Improvement Initiatives are estimated to be 7% of internal Company expenses, based upon historical analysis of these costs.

### **C. Normalized Market-Adjusted Projected Allowed Total Claims (Table 7)**

The normalization factors presented in Table 7 are each determined from the underlying membership demographics expected in the projected rating period. The 2020 values are pulled from the prior year's filing, while the 2021 values represent our projection for 2021 assumed in the 2021 rate development.

The Age Factor is the weighted average of the Average Age Factors for the Current ACA Book of Business as of the End of Year 2019 and for the Membership Moving to the ACA Book (from transitional and new business).

The Geographic Calibration Factor is the weighted average of the Area Factors by County. This average is weighted by membership.

The Tobacco Surcharge is not applicable since the Company does not use one.

## **D. Components of Rate Change (Tables 8 and 9)**

Table 8 presents the components of change in the proposed 2021 Calibrated Plan Adjusted Index Rate (PMPM). The 2020 base period allowed claims is carried over from the 2020 rate filing. Row H of Table 8 may differ from Row A due to the detailed breakdown of all the components of the increases in rows B through G not calculating exactly to the change in the calibrated plan adjusted index rate in Row A, which is the more accurate percentage change based on the rate development.

Table 9 presents the data elements supporting the calculations in Table 8. The amounts shown in the 2020 Column match those entered in the 2020 Column in the plan year 2020 rate filing.

## **3. Plan Rate Development (Table 10)**

Table 10 showing the plan rate development has been completed following the instructions in the 2021 ACA-Compliant Health Insurance Rate Filing Guidance. This table shows the plans that the Company intends to offer in 2021, as well as plans discontinued from the 2020 portfolio for 2021. Since many Small Group market enrollees as of 2/1/2020 are still in plan year 2019 plans, the enrollees in plan year 2019 plans were mapped to the plan year 2020 plan that we anticipate they will renew into in 2020. The calibrated plan adjusted index rates for 2021 and 2020, and all of the supporting factors, are calculated according to the instructions.

Each plan takes the Market Adjusted Index Rate and multiplies by the Pricing AV, Benefit Richness Factor, Benefits in Addition to EHB Factor, Provider Network Factor, Catastrophic Eligibility Factor, and Non-Funding of CSR Adjustment Factor (not applicable to Small Group) in order to calculate the Pure Premium. The Pure Premium is then grossed up to account for expenses (Admin Costs, Taxes & Fees, and Profit or Contingency) in order to calculate the Calibrated Plan Adjusted Index Rate. Since each component of the Calibrated Plan Adjusted Index Rate is applied multiplicatively (including the Plan AV Pricing Value), plan premiums are in proportion to the Plan AV Pricing Values.

Note that the HHS Actuarial Value Calculator was able to accommodate all of the Company's benefit designs, and that no adjustments were needed from the values produced by the calculator.

The requested Induced Utilization Exhibit was completed and is presented within the "2021 Supplemental Exhibits - HCC.xlsx" file submitted with this filing (worksheet named "Induced Utilization"). Note that the calculated Induced Utilization factor in Column (8) is a component of the Actuarial Value Allowable Modifier. As such, it is adjusted by the Average Benefit Richness normalization factor of 1.022. In multiplying the Induced Utilization column (8) result by the Average Benefit Richness normalization factor, the result is the Induced Utilization factor appropriate for the plan's metal level (before normalization). These induced demand factors are consistent with the methodology described in the Department's rate filing guidance, which utilizes each plan's actuarial value to establish the appropriate induced demand factor for the plan.

The member-weighted average of the pure plan-level Induced Utilization factors in the last column of the induced utilization exhibit against the projected membership does match the 1.000 expectation of the

Department. This calculation can be seen at the bottom of the Induced Utilization Exhibit, where the formulas used in the calculation have been retained.

The Child Capping Adjustment is applied to the Age Calibration Factor in Table 10 to reflect the limitation on the number of children allowed in rating. This factor is determined by estimating the amount of lost revenue due to this restriction, and applying the resulting factor to the normalized age factor in the base rate development. Support for the calibration factors is shown in the “2021 Supplemental Exhibits - HCC.xlsx” file on the worksheet named “Table 10 Calibration Factors”.

#### **4. Plan Premium Development for 21-Year-Old Non-Tobacco User (Table 11)**

Table 11 presents the Company’s 21-year-old non-tobacco premium in the Market for each rating quarter in 2021. As mentioned in Section 1.C above, the change in 21-year-old non-tobacco premium PMPM calculated in this table is a 0.00% increase. There is no membership in the renewing plans.

### **5. Plan Factors**

#### **A. Age and Tobacco Factors (Table 12)**

Please see Table 12 for the Company’s age and tobacco factors.

#### **B. Geographic Factors (Table 13)**

Please see Table 13 for the Company’s geographic factors. The Company’s factors for the rating period are unchanged from the currently approved factors.

As mentioned in the Cover Letter, the Company is not changing its product offerings by Rating Area.

#### **C. Network Factors (Table 14)**

Please see Table 14 for the Company’s network rating factors.

#### **D. Service Area Composition**

The Company follows the Rating Area designations created by the state. All counties within a Rating Area are serviced by the Company, according to the Rating Areas specified in Table 14. The Company has submitted its current 2020 service area and its proposed 2021 service area in the file “Pennsylvania Counties Map - 2021 Filings - HCC.pdf” submitted with this filing. There are no proposed changes to the Company’s service area from 2020 to 2021.

#### **E. Composite Rating**

The Company is currently not planning to use CMS’s composite rating method for any of its off-SHOP plans offered during the rating period.

## 6. Actuarial Certifications

I am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared on behalf of the Company to accompany its rate filing (for calendar year 2021) for the Small Group Market off the Pennsylvania Exchange.

I hereby certify that the projected Index Rate is, to the best of my knowledge and understanding:

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102)
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

I certify that the Index Rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

I certify that all factor, benefit and other changes from the prior approved filing have been disclosed in the 2021 PA Actuarial Memorandum Rate Exhibits.

I certify that new plans are not considered modifications of existing plans (per the uniform modification standards in 45 CFR 147.106).

I certify that the geographic rating factors reflect only differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

I certify that the AV Calculator was used to determine the AV Metal Values shown in Part I of Worksheet 2 in the URRT for all plans.

The Unified Rate Review Template does not demonstrate the process used by the Company to develop the rates. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of Qualified Health Plans for Federally-facilitated Exchanges, and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

I certify that the information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2021 Rate Filing Justification.

Signed: [Redacted]

Date: 08/14/2020

# Rate Change Summary

## Highmark Choice Company (HCC) – Small Group Plans

Rate request filing ID # HGHM-132381009- This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at

<http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

### Overview

Initial requested average rate change:	No reported rate change (no renewing plans) <sup>1</sup>
Revised requested average rate change:	N/A <sup>1</sup>
Range of requested rate change:	5.98% to 5.98%
Effective date:	January 1, 2021
Mapped Members:	0
Available in:	Rating Areas 1, 2, 4, 5, 6

### Key information

#### Jan. 2019-Dec. 2019 financial experience

Premiums	\$233,170
Claims	\$132,030
Administrative expenses	\$50,809
Taxes & fees	\$180
Company made (after taxes)	<b>\$50,151</b>

#### How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2021:

Claims:	81.2%
Administrative:	18.6%
Taxes & fees:	0.2%
Profit:	0.0%

The company expects its annual medical costs to increase **9.60%**.

### Explanation of requested rate change

The proposed increases are being driven by rising medical care costs, which are expected to continue through the remainder of 2020 and throughout 2021 as a result of both higher utilization and the increasing cost of healthcare services.

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<sup>1</sup> Note that insurers will have the opportunity to revise their rate change request in July, after they are scheduled to receive updated information about the impact of a federal program called risk adjustment. This document will be updated accordingly at that time.

PA Rate Template Part I  
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Highmark Choice Company (HCC)
Product(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2021
Base Period Start Date:	01/01/2019
Date of Most Recent Membership:	02/01/2020

to 12/31/2021  
to 12/31/2019

Table 1. Number of Members

	Member-months Experience Period	Members Current Period (as of 02-01-2020)	Member-months Projected Rating Period
Average Age	46.0	42.6	43.6
Total	566	32	108
<18	28	1	2
18-24	47	4	14
25-29	36	4	14
30-34	40	2	7
35-39	13	1	3
40-44	47	3	10
45-49	59	3	10
50-54	108	7	24
55-59	101	1	10
60-64	60	2	7
64+	27	2	7

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$384,449.30	\$143,041.70	\$146,530.19	566	\$34,911.46	\$181,441.96	\$0.00	(\$14,591.28)	\$91.32	\$0.00	(\$49,895.00)	\$
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$
Loss Ratio											294.95

\*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	8.50%	1.01%	5.21%	3.84%	12.91%
Outpatient Hospital	8.50%	1.01%	5.21%	3.84%	27.77%
Professional	8.50%	1.01%	5.21%	3.84%	10.21%
Other Medical	8.50%	1.01%	5.21%	3.84%	4.27%
Capitation				101.68%	0.00%
Prescription Drugs	8.50%	1.01%	5.21%	3.84%	24.85%
Total Annual Trend				3.84%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.078	

\* Express Cost, Utilization, Induced Utilization and Weight as percentages

\*\* Should equal URRT Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-16		\$20,168.81	1.0000	\$	20,168.81	48	420.18	(\$473.74)	\$20,988.95	437.27
Feb-16		\$13,348.05	1.0000	\$	13,348.05	46	290.16	(\$454.00)	\$14,217.19	309.29
Mar-16		\$17,054.87	1.0000	\$	17,054.87	47	362.87	(\$461.82)	\$17,819.43	379.14
Apr-16		\$29,132.01	1.0000	\$	29,132.01	52	560.23	(\$513.22)	\$30,039.73	577.69
May-16		\$25,700.29	1.0000	\$	25,700.29	65	395.39	(\$641.52)	\$26,985.83	413.63
Jun-16		\$15,961.31	1.0000	\$	15,961.31	64	249.40	(\$631.65)	\$16,888.70	263.89
Jul-16		\$15,970.33	1.0000	\$	15,970.33	64	249.54	(\$631.65)	\$17,025.69	266.03
Aug-16		\$20,178.80	1.0000	\$	20,178.80	64	315.29	(\$631.65)	\$21,345.60	333.53
Sep-16		\$17,800.28	1.0000	\$	17,800.28	64	278.13	(\$631.65)	\$18,834.48	294.29
Oct-16		\$69,802.02	1.0000	\$	69,802.02	63	1,107.97	(\$621.78)	\$71,664.37	1,137.53
Nov-16		\$14,237.35	1.0000	\$	14,237.35	51	279.16	(\$503.35)	\$15,017.57	294.46
Dec-16		\$20,453.00	1.0000	\$	20,453.00	48	418.60	(\$473.74)	\$20,278.99	409.83
Jan-17	\$754,496.53	\$20,839.16	1.0000	\$	20,839.16	47	443.39	(\$757.54)	\$22,352.49	475.58
Feb-17		\$22,686.60	1.0000	\$	22,686.60	47	482.70	(\$757.54)	\$23,555.14	501.17
Mar-17		\$19,248.92	1.0000	\$	19,248.98	47	409.55	(\$757.54)	\$19,552.87	414.02
Apr-17		\$13,714.28	1.0000	\$	13,714.47	47	717.31	(\$757.54)	\$15,009.96	244.89
May-17		\$14,646.84	1.0000	\$	14,647.07	65	225.34	(\$1,039.60)	\$14,886.50	229.02
Jun-17		\$19,607.23	0.9999	\$	19,610.29	61	423.96	(\$955.87)	\$18,855.43	416.97
Jul-17		\$12,541.26	0.9999	\$	12,541.95	55	238.06	(\$861.85)	\$12,988.39	234.52
Aug-17		\$21,093.96	0.9999	\$	21,096.14	54	390.67	(\$846.18)	\$22,063.73	408.59
Sep-17		\$10,337.04	0.9999	\$	10,337.65	54	191.44	(\$846.18)	\$10,276.24	190.10
Oct-17		\$4,114.54	1.0000	\$	4,114.64	12	342.89	(\$188.04)	\$4,228.45	352.40
Nov-17		\$3,122.22	1.0000	\$	3,122.31	11	283.85	(\$172.37)	\$3,147.29	286.12
Dec-17	\$614,598.44	\$5,836.04	0.9999	\$	5,836.45	11	530.50	(\$172.37)	\$5,952.36	541.12
Jan-18		\$4,404.13	0.9999	\$	4,406.88	11	400.44	(\$216.49)	\$4,554.94	414.27
Feb-18		\$2,046.52	0.9999	\$	2,046.73	11	186.07	(\$216.49)	\$1,946.25	178.58
Mar-18		\$3,189.54	0.9999	\$	3,189.88	11	289.99	(\$216.49)	\$3,162.60	287.51
Apr-18		\$11,424.74	0.9999	\$	11,426.58	11	1,038.78	(\$216.49)	\$11,679.13	1,061.74
May-18		\$4,621.45	0.9999	\$	4,623.26	11	431.12	(\$216.49)	\$4,674.86	434.99
Jun-18		\$3,937.78	0.9998	\$	3,938.66	11	358.06	(\$216.49)	\$3,897.21	354.29
Jul-18		\$6,100.11	0.9999	\$	6,100.61	11	554.60	(\$216.49)	\$6,188.13	562.56
Aug-18		\$6,925.05	0.9999	\$	6,928.69	11	629.88	(\$216.49)	\$6,880.08	625.46
Sep-18		\$1,430.10	0.9991	\$	1,435.55	11	120.05	(\$216.49)	\$1,340.96	121.95
Oct-18		\$8,438.67	0.9995	\$	8,442.65	8	1,055.33	(\$157.45)	\$8,721.27	1,090.16
Nov-18		\$5,845.42	0.9989	\$	5,851.72	6	975.29	(\$118.09)	\$5,982.77	997.13
Dec-18	\$83,783.33	\$6,505.92	0.9981	\$	6,518.10	7	931.21	(\$137.77)	\$6,576.32	939.47
Jan-19		\$7,021.84	0.9988	\$	7,031.46	10	200.90	(\$902.29)	\$8,018.95	246.81
Feb-19		\$19,316.70	0.9960	\$	19,394.38	14	570.42	(\$876.51)	\$22,113.83	650.41
Mar-19		\$6,224.68	0.9995	\$	6,233.87	10	188.80	(\$675.73)	\$6,767.60	211.14
Apr-19		\$10,794.02	0.9925	\$	10,874.97	52	209.13	(\$1,340.54)	\$12,068.47	232.09
May-19		\$11,994.79	0.9900	\$	12,115.83	51	237.57	(\$1,314.76)	\$13,322.77	261.23
Jun-19		\$5,443.60	0.9913	\$	5,489.90	49	112.04	(\$1,263.20)	\$5,800.67	119.63
Jul-19		\$29,228.73	0.9883	\$	29,648.67	50	468.15	(\$1,461.88)	\$29,083.72	528.79
Aug-19		\$8,482.01	0.9845	\$	8,615.43	53	162.56	(\$1,366.32)	\$10,213.56	192.71
Sep-19		\$7,385.95	0.9748	\$	7,577.06	50	151.54	(\$1,288.98)	\$8,685.98	173.72
Oct-19		\$9,229.28	0.9732	\$	9,482.78	50	189.69	(\$1,462.98)	\$10,989.29	218.80
Nov-19		\$15,507.73	0.9668	\$	16,040.17	51	314.51	(\$1,314.76)	\$18,421.44	361.20
Dec-19	\$284,449.30	\$17,412.36	0.9153	\$	19,024.66	53	358.96	(\$1,366.32)	\$20,571.64	388.14

\* Express Completion Factor as a percentage

\*\* Express Prescription Drug Rebates as a negative number



Carrier Name: Highmark Choice Company (HCC)  
Product(s): HMO  
Market Segment: Small Group  
Rate Effective Date: 01/01/2021

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$238,566,313.95	\$213,226,748.75	\$217,690,158.20	514,805	\$28,415,542.85	\$246,105,701.05	\$0.00	(\$13,683,335.66)	\$337,832.41	\$0.00	\$2,641,909.33	\$ 452.13
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$ 84.72%
Loss Ratio											

\*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	8.50%	1.01%	-5.25%	3.84%	12.31%
Outpatient Hospital	8.50%	1.01%	-5.25%	3.84%	27.77%
Professional	8.50%	1.01%	-5.25%	3.84%	30.21%
Other Medical	8.50%	1.01%	-5.25%	3.84%	4.27%
Capitation				101.68%	0.00%
Prescription Drugs	8.50%	1.01%	-5.25%	3.84%	24.85%
Total Annual Trend				3.84%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.078	

\*Express Cost, Utilization, Induced Utilization and Weight as percentages

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-16	\$356,871,969.65	\$23,216,257.80	1.0000	\$ 23,216,257.80	75,682	\$ 306.76	\$40,231,238.75	(\$746,949.44)	\$26,697,374.35	352.76
Feb-16		\$26,934,890.46	1.0000	\$ 26,934,890.46	75,234	\$ 358.01		(\$742,527.87)	\$30,201,737.58	401.44
Mar-16		\$26,539,997.01	1.0000	\$ 26,539,997.01	74,532	\$ 356.09		(\$735,599.43)	\$29,755,714.07	399.29
Apr-16		\$24,645,596.08	1.0000	\$ 24,645,596.08	73,355	\$ 335.98		(\$723,982.93)	\$27,232,636.88	371.24
May-16		\$24,826,327.06	1.0000	\$ 24,826,327.06	72,790	\$ 341.07		(\$718,406.61)	\$27,262,636.47	374.54
Jun-16		\$26,870,074.57	1.0000	\$ 26,870,074.57	72,316	\$ 371.56		(\$713,728.43)	\$29,236,404.32	404.29
Jul-16		\$22,333,171.03	1.0000	\$ 22,333,171.03	70,185	\$ 318.20		(\$692,696.35)	\$24,621,979.09	350.82
Aug-16		\$25,900,414.67	1.0000	\$ 25,900,414.67	69,795	\$ 371.09		(\$688,847.22)	\$28,324,444.77	405.82
Sep-16		\$24,476,122.90	1.0000	\$ 24,476,122.90	69,531	\$ 352.02		(\$686,241.65)	\$26,609,861.04	382.70
Oct-16		\$24,859,391.11	1.0000	\$ 24,859,391.11	68,653	\$ 362.10		(\$677,576.17)	\$27,027,526.30	393.68
Nov-16		\$24,548,098.65	1.0000	\$ 24,548,098.65	68,247	\$ 359.69		(\$673,569.12)	\$26,674,168.30	390.85
Dec-16		\$20,606,062.10	1.0000	\$ 20,606,062.10	62,627	\$ 329.01		(\$618,102.09)	\$23,920,941.71	381.96
Jan-17	\$309,355,076.75	\$21,662,068.39	1.0000	\$ 21,662,068.39	62,146	\$ 348.57	\$34,118,536.34	(\$1,033,096.20)	\$24,407,022.13	382.74
Feb-17		\$20,824,447.82	1.0000	\$ 20,824,586.71	61,740	\$ 337.29		(\$1,026,414.22)	\$23,046,334.64	373.28
Mar-17		\$24,089,732.07	1.0000	\$ 24,089,879.14	61,400	\$ 392.34		(\$1,020,589.64)	\$26,406,789.15	430.08
Apr-17		\$22,251,512.97	1.0000	\$ 22,251,791.33	60,798	\$ 366.00		(\$1,010,592.16)	\$23,996,603.17	394.69
May-17		\$23,785,972.34	1.0000	\$ 23,786,941.92	60,541	\$ 392.91		(\$1,005,668.24)	\$25,606,766.79	422.97
Jun-17		\$24,337,545.40	0.9999	\$ 24,338,916.13	60,434	\$ 402.74		(\$1,003,936.82)	\$26,035,614.33	430.81
Jul-17		\$22,383,588.00	0.9999	\$ 22,386,640.99	58,910	\$ 380.01		(\$979,344.25)	\$24,007,896.74	407.54
Aug-17		\$23,143,552.86	0.9998	\$ 23,147,459.18	58,636	\$ 394.77		(\$975,151.71)	\$24,861,810.41	424.00
Sep-17		\$22,370,324.99	0.9999	\$ 22,373,618.75	58,282	\$ 381.89		(\$968,999.29)	\$23,776,638.26	407.96
Oct-17		\$23,502,312.59	0.9999	\$ 23,505,619.93	57,797	\$ 406.69		(\$961,297.30)	\$25,043,828.75	433.31
Nov-17		\$22,507,233.91	0.9998	\$ 22,512,463.84	57,622	\$ 390.69		(\$958,491.90)	\$23,963,393.01	415.87
Dec-17		\$16,055,855.30	0.9996	\$ 16,062,839.33	48,909	\$ 328.42		(\$820,809.86)	\$18,144,274.00	370.98
Jan-18	\$259,314,719.61	\$22,788,152.09	0.9999	\$ 22,797,600.99	48,581	\$ 469.27	\$30,614,546.33	(\$1,010,112.03)	\$24,911,828.91	313.20
Feb-18		\$17,555,722.85	0.9994	\$ 17,566,066.15	48,482	\$ 362.32		(\$1,008,453.06)	\$19,181,541.22	395.64
Mar-18		\$19,680,595.16	0.9994	\$ 19,692,943.03	48,321	\$ 407.54		(\$1,005,231.45)	\$21,424,163.03	443.37
Apr-18		\$19,129,770.59	0.9994	\$ 19,140,900.76	48,164	\$ 397.41		(\$1,001,860.27)	\$20,684,640.17	429.46
May-18		\$19,694,373.16	0.9994	\$ 19,706,654.42	48,543	\$ 405.97		(\$1,010,612.63)	\$21,192,513.82	436.58
Jun-18		\$19,450,270.29	0.9993	\$ 19,463,106.47	48,489	\$ 401.39		(\$1,009,760.75)	\$20,735,508.29	427.63
Jul-18		\$18,930,538.83	0.9990	\$ 18,950,409.98	48,379	\$ 391.71		(\$1,007,575.48)	\$20,426,098.44	422.21
Aug-18		\$19,393,822.19	0.9986	\$ 19,420,583.68	48,368	\$ 401.52		(\$1,007,452.75)	\$20,932,420.69	432.77
Sep-18		\$17,703,205.76	0.9985	\$ 17,730,226.78	48,303	\$ 367.08		(\$1,005,803.94)	\$18,788,727.70	388.69
Oct-18		\$20,360,673.80	0.9983	\$ 20,365,037.11	48,350	\$ 421.82		(\$1,007,636.58)	\$21,833,712.88	451.53
Nov-18		\$19,479,713.29	0.9983	\$ 19,513,369.44	48,287	\$ 404.11		(\$1,006,225.48)	\$20,782,590.56	430.40
Dec-18		\$17,507,477.66	0.9976	\$ 17,550,278.73	46,922	\$ 374.03		(\$979,797.28)	\$19,569,326.42	417.06
Jan-19	\$238,566,313.95	\$18,071,872.70	0.9974	\$ 18,118,187.15	45,087	\$ 401.85	\$28,415,542.85	(\$1,200,649.27)	\$20,051,175.25	444.77
Feb-19		\$16,903,872.93	0.9976	\$ 16,944,948.84	44,652	\$ 379.49		(\$1,188,694.74)	\$18,309,889.28	410.06
Mar-19		\$17,125,019.04	0.9966	\$ 17,183,783.80	44,364	\$ 387.34		(\$1,180,802.67)	\$18,480,604.71	416.57
Apr-19		\$19,399,529.42	0.9880	\$ 19,635,950.98	43,758	\$ 448.74		(\$1,163,998.47)	\$20,869,645.84	476.93
May-19		\$17,862,581.14	0.9849	\$ 18,117,263.41	43,432	\$ 417.60		(\$1,154,836.44)	\$19,256,098.54	443.38
Jun-19		\$18,098,926.96	0.9830	\$ 18,411,058.83	43,233	\$ 425.86		(\$1,149,241.33)	\$19,238,865.71	445.00
Jul-19		\$18,000,019.80	0.9820	\$ 18,329,445.49	42,420	\$ 432.09		(\$1,127,302.65)	\$19,491,064.16	459.48
Aug-19		\$17,676,315.28	0.9787	\$ 18,061,525.26	42,387	\$ 426.11		(\$1,126,196.45)	\$19,076,793.06	450.06
Sep-19		\$17,753,956.72	0.9751	\$ 17,694,860.87	42,147	\$ 419.84		(\$1,115,417.38)	\$18,563,755.42	440.45
Oct-19		\$18,239,275.05	0.9465	\$ 18,870,918.49	41,771	\$ 451.77		(\$1,109,122.41)	\$19,969,679.65	478.05
Nov-19		\$17,888,229.76	0.9626	\$ 18,584,115.34	41,668	\$ 446.00		(\$1,106,320.52)	\$19,476,853.31	467.42
Dec-19		\$16,707,147.95	0.9429	\$ 17,718,098.74	39,886	\$ 444.22		(\$1,056,751.33)	\$19,636,520.46	492.32

\*Express Completion Factor as a percentage

\*\*Express Prescription Drug Rebates as a negative number

# Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Experience Period Information

Carrier Name:	Highmark Choice Company (HCC)	Attachment Point:	\$60,000
Product(s):	HMO	Reinsurance Cap:	\$100,000
Market Segment:	Small Group	Coinsurance Rate:	60%
Rate Effective Date:	01/01/2021		
Incurred Dates:	1/1/2019 to 12/31/2019	Proj. Incurred Claim Impact:	0.0%

Individual ACA Compliant Policies Only: Incurred Dates 1/1/2019 to 12/31/2019					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999				\$0
\$30,000	\$34,999				\$0
\$35,000	\$39,999				\$0
\$40,000	\$44,999				\$0
\$45,000	\$49,999				\$0
\$50,000	\$54,999				\$0
\$55,000	\$59,999				\$0
\$60,000	\$64,999				\$0
\$65,000	\$69,999				\$0
\$70,000	\$74,999				\$0
\$75,000	\$79,999				\$0
\$80,000	\$84,999				\$0
\$85,000	\$89,999				\$0
\$90,000	\$94,999				\$0
\$95,000	\$99,999				\$0
\$100,000	\$109,999				\$0
\$110,000	\$119,999				\$0
\$120,000	\$129,999				\$0
\$130,000	\$139,999				\$0
\$140,000	\$149,999				\$0
\$150,000	\$159,999				\$0
\$160,000	\$169,999				\$0
\$170,000	\$179,999				\$0
\$180,000	\$189,999				\$0
\$190,000	\$199,999				\$0
\$200,000	\$209,999				\$0
\$210,000	\$219,999				\$0
\$220,000	\$229,999				\$0
\$230,000	\$239,999				\$0
\$240,000	\$249,999				\$0
\$250,000	\$259,999				\$0
\$260,000	\$269,999				\$0
\$270,000	\$279,999				\$0
\$280,000	\$289,999				\$0
\$290,000	\$299,999				\$0
\$300,000	\$324,999				\$0
\$325,000	\$349,999				\$0
\$350,000	\$374,999				\$0
\$375,000	\$399,999				\$0
\$400,000	\$424,999				\$0
\$425,000	\$449,999				\$0
\$450,000	\$474,999				\$0
\$475,000	\$499,999				\$0
\$500,000	\$599,999				\$0
\$600,000	\$699,999				\$0
\$700,000	\$799,999				\$0
\$800,000	\$899,999				\$0
\$900,000	\$999,999				\$0
\$1,000,000+					\$0
Total		0	0	\$0	\$0

# Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Projection Period Information

Carrier Name:	Highmark Choice Company (HCC)	Attachment Point:	\$60,000
Product(s):	HMO	Reinsurance Cap:	\$100,000
Market Segment:	Small Group	Coinsurance Rate:	60%
Rate Effective Date:	01/01/2021	Proj. Incurred Claim Impact:	0.0%
		Proj. Morbidity Impact:	-0.1%

Reinsurance Program Impact Continuance Table Development - Plan Year 2021					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999				\$0
\$30,000	\$34,999				\$0
\$35,000	\$39,999				\$0
\$40,000	\$44,999				\$0
\$45,000	\$49,999				\$0
\$50,000	\$54,999				\$0
\$55,000	\$59,999				\$0
\$60,000	\$64,999				\$0
\$65,000	\$69,999				\$0
\$70,000	\$74,999				\$0
\$75,000	\$79,999				\$0
\$80,000	\$84,999				\$0
\$85,000	\$89,999				\$0
\$90,000	\$94,999				\$0
\$95,000	\$99,999				\$0
\$100,000	\$109,999				\$0
\$110,000	\$119,999				\$0
\$120,000	\$129,999				\$0
\$130,000	\$139,999				\$0
\$140,000	\$149,999				\$0
\$150,000	\$159,999				\$0
\$160,000	\$169,999				\$0
\$170,000	\$179,999				\$0
\$180,000	\$189,999				\$0
\$190,000	\$199,999				\$0
\$200,000	\$209,999				\$0
\$210,000	\$219,999				\$0
\$220,000	\$229,999				\$0
\$230,000	\$239,999				\$0
\$240,000	\$249,999				\$0
\$250,000	\$259,999				\$0
\$260,000	\$269,999				\$0
\$270,000	\$279,999				\$0
\$280,000	\$289,999				\$0
\$290,000	\$299,999				\$0
\$300,000	\$324,999				\$0
\$325,000	\$349,999				\$0
\$350,000	\$374,999				\$0
\$375,000	\$399,999				\$0
\$400,000	\$424,999				\$0
\$425,000	\$449,999				\$0
\$450,000	\$474,999				\$0
\$475,000	\$499,999				\$0
\$500,000	\$599,999				\$0
\$600,000	\$699,999				\$0
\$700,000	\$799,999				\$0
\$800,000	\$899,999				\$0
\$900,000	\$999,999				\$0
\$1,000,000+					\$0
Total		0	0	\$0	\$0

PA Rate Template Part II  
Rate Development and Change

Carrier Name: Highmark Choice Company (HCC)  
Product/ID: HCCO  
Market Segment: Small Group  
Risk/Class Code: 99000000

Table 5. Development of the Projected Index Rate, Market-Adjusted Index Rate, and Total Allowed Claims

Development of the Projected Index Rate	Actual Experience Data	Manual Date
Total Allowed ERB Claims + ERB Capitation PMPM (net of prescription drug rebates) PMPM	\$ 294.35	\$ 312.13
One year trend projection factor	1.078	1.078
Unadjusted Projected Allowed ERB Claims PMPM	\$ 318.08	\$ 337.55
<b>Unadjusted Total Allowed Claims</b>		
Change in Mortality - Impact of Reinsurance Program	1.000	1.000
Change in Mortality - All Other	0.969	0.967
Total Non-Mortality Changes	0.969	0.967
Change in Disability - All Other	1.000	1.000
Change in Disability	1.000	1.000
Change in Network	0.933	0.930
Change in Benefits	1.000	1.000
Change in Other	1.000	1.000
Total Adjusted Projected Allowed ERB Claims PMPM	\$ 297.50	\$ 301.61
Credibility Factors	9%	100%
Revised Projected ERB Claims PMPM	\$ 268.35	\$ 301.61
<b>Development of the Market-Adjusted Index Rate and Total Allowed Claims</b>		
Revised Projected Allowed ERB Claims PMPM	\$ 268.35	Index Rate for Projection Period on LBRT
Projected Paid to Allowed Ratio	0.978	
Projected Projected ERB Claims PMPM	\$ 238.45	
<b>Market-Adjusted Allowance</b>		
Projected Incurred Risk Adjustment PMPM	\$ 513.18	
Projected Incurred Exchange User Fee PMPM	\$ 50.00	
Projected Incurred Reinsurance Recoveries PMPM	\$ 30.00	
Market-Adjusted Projected Incurred ERB Claims PMPM	\$ 245.58	
Market-Adjusted Projected Allowed ERB Claims PMPM	\$ 245.58	Market-Adjusted Index Rate
Projected Allowed Non-ERB Claims PMPM	\$ 39.00	
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 284.58	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 284.58	

Table 6. Retention

Retention/Loading Expense in percentages	Percentages	PMPM Amounts
Administrative Expenses	13.02%	\$56.28
Operational Claims	1.12%	\$17.51
Agent/Broker Fees and Commissions	1.17%	\$15.62
Quality Improvement Initiatives	0.00%	\$2.95
Taxes and Fees	0.00%	\$0.40
Risk Adjustment	0.00%	\$0.25
PCRW Fee	0.00%	\$0.25
PA Premium & Other Taxes (if applicable)	0.00%	\$0.00
Rebate Income Fee	0.00%	\$0.00
Health Insurance Providers Fee (Provided for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	0.00%	\$0.00
Total Retention	18.77%	\$56.74
Projected Required Revenue PMPM		\$ 341.32

Table 8. Components of Rate Change

Rate Components	2020	2021	Change	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 294.35	\$ 312.13	\$ 17.78	6.04%
B. Base period allowed claims before normalization	\$ 294.35	\$ 312.13	\$ 17.78	6.04%
C. Normalization factor component of change	\$ (147.54)	\$ (152.48)	\$ (4.94)	-3.35%
Change in Normalized Allowed Claims Adjustment Components				
C1. Base period allowed claims after normalization	\$ 246.81	\$ 259.65	\$ 12.84	5.20%
C2. LBRT Trend	\$ 12.24	\$ 18.47	\$ 6.23	50.90%
C3. LBRT Mortality	\$ (95.87)	\$ (81.40)	\$ 14.47	15.09%
C4. LBRT Other	\$ (15.46)	\$ (8.40)	\$ 7.06	45.73%
C5. Normalized LBRT Risk Adjustment on an allowed basis	\$ (34.28)	\$ (13.84)	\$ 20.44	59.65%
C6. Normalized Exchange User Fee on an allowed basis	\$ (5.44)	\$ -	\$ 5.44	100.00%
C7. Normalized Reinsurance Recoveries on an allowed basis	\$ (3.44)	\$ -	\$ 3.44	100.00%
C8. Subtotal - Sum(C1-C7)	\$ 238.45	\$ 268.03	\$ 29.58	12.41%
Change in Allowable Plan Adjusted Level Components				
C1. Network	\$ -	\$ (77.21)	\$ (77.21)	-100.00%
C2. Profit & Loss	\$ (80.00)	\$ (77.21)	\$ 2.79	3.49%
C3. Benefit Returns	\$ -	\$ 3.55	\$ 3.55	100.00%
C4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0.00%
C5. Subtotal - Sum(C1-C4)	\$ (80.00)	\$ (73.66)	\$ 6.34	7.93%
Change in Retention Components				
F1. Administrative Expenses	\$ 56.28	\$ 56.28	\$ 0.00	0.00%
F2. Taxes and Fees	\$ 0.40	\$ 0.40	\$ 0.00	0.00%
F3. Profit and/or Contingency	\$ 0.00	\$ 0.00	\$ 0.00	0.00%
F4. Subtotal - Sum(F1-F3)	\$ 56.28	\$ 56.28	\$ 0.00	0.00%
Change in Miscellaneous Items				
G. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 17.78	\$ 17.78	\$ 0.00	0.00%

For informational purposes only - No input required.

Revised Base Period Unadjusted Claims before Normalization	\$ 312.13	Index Rate of Experience Period on LBRT
Revised Final Projection	\$ 238.46	
Revised Loss Ratio	88.22%	

Table 5A. Small Group Projected Index Rate with Quarterly Trend

Effective Date	01/01/2021	04/01/2021	07/01/2021	10/01/2021	Total Single Risk Pool
1st Quarter Monthly Retention in Quarter					24
Adjusted Projected Allowed ERB Claims PMPM	\$ 301.61	\$ 301.61	\$ 301.61	\$ 301.61	\$ 301.61
Months of Trend	3	3	3	3	3
Annual Trend	0.00%	0.00%	0.00%	0.00%	0.00%
Single Risk Pool Projected Allowed Claims	\$ 301.61	\$ 301.61	\$ 301.61	\$ 301.61	\$ 301.61
Quarterly Trend Factor	1.000	1.000	1.000	1.000	1.000

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2020	2021
Average Age Factor	1.000	1.000
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.000	1.000
Average Benefit Business (Insured demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 245.58	\$ 245.58
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 245.58	\$ 245.58

Table 9. Year-over-Year Data to Support Table 8

	2020	2021
Paid to Allowed	0.978	0.978
LBRT Trend (Total Applied Trend Factor)	1.078	1.078
LBRT Mortality	0.969	0.969
LBRT Other	0.933	0.933
Risk Adjustment	1.000	1.000
Exchange User Fee	1.000	1.000
Reinsurance Recoveries	1.000	1.000
Capitation	1.000	1.000
Network	0.933	0.933
Pricing AV	1.000	1.000
Benefit Returns	1.000	1.000
Catastrophic Eligibility	1.000	1.000
Administrative Expenses	0.00%	0.00%
Taxes and Fees	0.00%	0.00%
Profit and/or Contingency	0.00%	0.00%

Carrier Name:	Highmark Choice Company (HCC)
Product(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2021
Base Period Start Date:	01/01/2019
Date of Most Recent Membership:	02/01/2020
Market Adjusted Index Rate:	5 162.18

Calibration	
Age Calibration Factor	1.53
Geographic Calibration Factor	0.97
Tobacco Calibration Factor	1.00
Assessment Collection Factor	1.88

Total Covered Lives @ 02-01-2020	
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[illegible]

Carrier Name:	Highmark Choice Company (HCC)
Product(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2021
Base Period Start Date	01/01/2019
Date of Most Recent Membership:	02/01/2020
Market Adjusted Index Rate:	5 162.18

% of Total  
Covered Users

[illegible][illegible]

PA Rate Template Part IV B - Small Group Annual  
Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User

Carrier Name:	Highmark Choice Company (HCC)
Product(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2021

State	Region	4000 Plus or Discontinued 4000 Plus	2000-2009 2000-2009 2000-2009	2010-2019 2010-2019 2010-2019	2020-2029 2020-2029 2020-2029	2030-2039 2030-2039 2030-2039	2040-2049 2040-2049 2040-2049	2050-2059 2050-2059 2050-2059	2060-2069 2060-2069 2060-2069	2070-2079 2070-2079 2070-2079	2080-2089 2080-2089 2080-2089	2090-2099 2090-2099 2090-2099	Quarter 4 2020 - 21 year old Non-Tobacco Prevalence: PHPSM												Quarter 1 2021 - 21 year old Non-Tobacco Prevalence: PHPSM												Change in Quarter 1, 21 year old Non-Tobacco Prevalence: PHPSM																																																																																																																																																																																																																																																																																																																																																																																																																																	
													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442

PA Rate Template Part IV B - Small Group Annual  
Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User

Carrier Name:	Highmark Choice Company (HCC)
Product(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2021

[illegible]



## PA Rate Quarterly Template Part V Consumer Factors

Carrier Name:	Highmark Choice Company (HCC)
Product(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2021

### Table 12. Age and Tobacco Factors

Age Band	Age Factor	Tobacco Factor		Age Band	Age Factor	Tobacco Factor
0-14	0.765			40	1.278	1.000
15	0.833			41	1.302	1.000
16	0.859			42	1.325	1.000
17	0.885			43	1.357	1.000
18	0.913			44	1.397	1.000
19	0.941			45	1.444	1.000
20	0.970			46	1.500	1.000
21	1.000	1.000		47	1.563	1.000
22	1.000	1.000		48	1.635	1.000
23	1.000	1.000		49	1.706	1.000
24	1.000	1.000		50	1.786	1.000
25	1.004	1.000		51	1.865	1.000
26	1.024	1.000		52	1.952	1.000
27	1.048	1.000		53	2.040	1.000
28	1.087	1.000		54	2.135	1.000
29	1.119	1.000		55	2.230	1.000
30	1.135	1.000		56	2.333	1.000
31	1.159	1.000		57	2.437	1.000
32	1.183	1.000		58	2.548	1.000
33	1.198	1.000		59	2.603	1.000
34	1.214	1.000		60	2.714	1.000
35	1.222	1.000		61	2.810	1.000
36	1.230	1.000		62	2.873	1.000
37	1.238	1.000		63	2.952	1.000
38	1.246	1.000		64+	3.000	1.000
39	1.262	1.000				

\*PA follows the federal default age curve.

### Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1	Clarion, Crawford, Forest, McKean, Venango, Warren	0.970	0.970
Rating Area 2	Cameron, Elk, Potter	0.970	0.970
Rating Area 3			
Rating Area 4	Armstrong	0.970	0.970
Rating Area 5	Clearfield, Huntingdon, Jefferson, Somerset	0.970	0.970
Rating Area 6	Centre	1.040	1.040
Rating Area 7			
Rating Area 8			
Rating Area 9			

### Table 14. Network Factors

[illegible]

Company Name: **Highmark Choice Company (HCC)**Market: **Small Group**Product: **HMO**Effective Date of Rates: **January 1, 2021**

Ending date of Rates:

**March 31, 2021**

HIOS Plan ID (On Exchange)=>	N/A		N/A					
HIOS Plan ID (Off Exchange)=>	38949PA0050003		38949PA0050003					
Plan Marketing Name =>	Keystone HMO \$7000		Keystone HMO \$7000					
Form # =>	HMO-SM/WG-8		HMO-SM/WG-8					
Rating Area =>	Area 1,2,4,5		Area 6					
Network =>	AB		AB					
Metal =>	Bronze		Bronze					
Deductible =>	\$7000		\$7000					
Coinsurance =>	50%		50%					
Copays =>	\$115		\$115					
OOP Maximum =>	\$8550		\$8550					
Pediatric Dental (Yes/No) =>	Yes		Yes					
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$152.70	\$152.70	\$163.73	\$163.73				
15	\$166.28	\$166.28	\$178.28	\$178.28				
16	\$171.46	\$171.46	\$183.84	\$183.84				
17	\$176.65	\$176.65	\$189.41	\$189.41				
18	\$182.24	\$182.24	\$195.40	\$195.40				
19	\$187.83	\$187.83	\$201.39	\$201.39				
20	\$193.62	\$193.62	\$207.60	\$207.60				
21	\$199.61	\$199.61	\$214.02	\$214.02				
22	\$199.61	\$199.61	\$214.02	\$214.02				
23	\$199.61	\$199.61	\$214.02	\$214.02				
24	\$199.61	\$199.61	\$214.02	\$214.02				
25	\$200.41	\$200.41	\$214.88	\$214.88				
26	\$204.40	\$204.40	\$219.16	\$219.16				
27	\$209.19	\$209.19	\$224.29	\$224.29				
28	\$216.98	\$216.98	\$232.64	\$232.64				
29	\$223.36	\$223.36	\$239.49	\$239.49				
30	\$226.56	\$226.56	\$242.91	\$242.91				
31	\$231.35	\$231.35	\$248.05	\$248.05				
32	\$236.14	\$236.14	\$253.19	\$253.19				
33	\$239.13	\$239.13	\$256.40	\$256.40				
34	\$242.33	\$242.33	\$259.82	\$259.82				
35	\$243.92	\$243.92	\$261.53	\$261.53				
36	\$245.52	\$245.52	\$263.24	\$263.24				
37	\$247.12	\$247.12	\$264.96	\$264.96				
38	\$248.71	\$248.71	\$266.67	\$266.67				
39	\$251.91	\$251.91	\$270.09	\$270.09				
40	\$255.10	\$255.10	\$273.52	\$273.52				
41	\$259.89	\$259.89	\$278.65	\$278.65				
42	\$264.48	\$264.48	\$283.58	\$283.58				
43	\$270.87	\$270.87	\$290.43	\$290.43				
44	\$278.86	\$278.86	\$298.99	\$298.99				
45	\$288.24	\$288.24	\$309.04	\$309.04				
46	\$299.42	\$299.42	\$321.03	\$321.03				
47	\$311.99	\$311.99	\$334.51	\$334.51				
48	\$326.36	\$326.36	\$349.92	\$349.92				
49	\$340.53	\$340.53	\$365.12	\$365.12				
50	\$356.50	\$356.50	\$382.24	\$382.24				
51	\$372.27	\$372.27	\$399.15	\$399.15				
52	\$389.64	\$389.64	\$417.77	\$417.77				
53	\$407.20	\$407.20	\$436.60	\$436.60				
54	\$426.17	\$426.17	\$456.93	\$456.93				
55	\$445.13	\$445.13	\$477.26	\$477.26				
56	\$465.69	\$465.69	\$499.31	\$499.31				
57	\$486.45	\$486.45	\$521.57	\$521.57				
58	\$508.61	\$508.61	\$545.32	\$545.32				
59	\$519.58	\$519.58	\$557.09	\$557.09				
60	\$541.74	\$541.74	\$580.85	\$580.85				
61	\$560.90	\$560.90	\$601.40	\$601.40				
62	\$573.48	\$573.48	\$614.88	\$614.88				
63	\$589.25	\$589.25	\$631.79	\$631.79				
64+	\$598.83	\$598.83	\$642.06	\$642.06				

Company Name: **Highmark Choice Company (HCC)**Market: **Small Group**Product: **HMO**Effective Date of Rates: **April 1, 2021**

Ending date of Rates:

**June 30, 2021**

HIOS Plan ID (On Exchange)=>	N/A		N/A					
HIOS Plan ID (Off Exchange)=>	38949PA0050003		38949PA0050003					
Plan Marketing Name =>	Keystone HMO \$7000		Keystone HMO \$7000					
Form # =>	HMO-SM/WG-8		HMO-SM/WG-8					
Rating Area =>	Area 1,2,4,5		Area 6					
Network =>	AB		AB					
Metal =>	Bronze		Bronze					
Deductible =>	\$7000		\$7000					
Coinsurance =>	50%		50%					
Copays =>	\$115		\$115					
OOP Maximum =>	\$8550		\$8550					
Pediatric Dental (Yes/No) =>	Yes		Yes					
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$156.24	\$156.24	\$167.52	\$167.52				
15	\$170.13	\$170.13	\$182.41	\$182.41				
16	\$175.44	\$175.44	\$188.10	\$188.10				
17	\$180.75	\$180.75	\$193.80	\$193.80				
18	\$186.47	\$186.47	\$199.93	\$199.93				
19	\$192.19	\$192.19	\$206.06	\$206.06				
20	\$198.11	\$198.11	\$212.41	\$212.41				
21	\$204.24	\$204.24	\$218.98	\$218.98				
22	\$204.24	\$204.24	\$218.98	\$218.98				
23	\$204.24	\$204.24	\$218.98	\$218.98				
24	\$204.24	\$204.24	\$218.98	\$218.98				
25	\$205.06	\$205.06	\$219.86	\$219.86				
26	\$209.14	\$209.14	\$224.24	\$224.24				
27	\$214.04	\$214.04	\$229.49	\$229.49				
28	\$222.01	\$222.01	\$238.03	\$238.03				
29	\$228.54	\$228.54	\$245.04	\$245.04				
30	\$231.81	\$231.81	\$248.54	\$248.54				
31	\$236.71	\$236.71	\$253.80	\$253.80				
32	\$241.62	\$241.62	\$259.05	\$259.05				
33	\$244.68	\$244.68	\$262.34	\$262.34				
34	\$247.95	\$247.95	\$265.84	\$265.84				
35	\$249.58	\$249.58	\$267.59	\$267.59				
36	\$251.22	\$251.22	\$269.35	\$269.35				
37	\$252.85	\$252.85	\$271.10	\$271.10				
38	\$254.48	\$254.48	\$272.85	\$272.85				
39	\$257.75	\$257.75	\$276.35	\$276.35				
40	\$261.02	\$261.02	\$279.86	\$279.86				
41	\$265.92	\$265.92	\$285.11	\$285.11				
42	\$270.62	\$270.62	\$290.15	\$290.15				
43	\$277.15	\$277.15	\$297.16	\$297.16				
44	\$285.32	\$285.32	\$305.92	\$305.92				
45	\$294.92	\$294.92	\$316.21	\$316.21				
46	\$306.36	\$306.36	\$328.47	\$328.47				
47	\$319.23	\$319.23	\$342.27	\$342.27				
48	\$333.93	\$333.93	\$358.03	\$358.03				
49	\$348.43	\$348.43	\$373.58	\$373.58				
50	\$364.77	\$364.77	\$391.10	\$391.10				
51	\$380.91	\$380.91	\$408.40	\$408.40				
52	\$398.68	\$398.68	\$427.45	\$427.45				
53	\$416.65	\$416.65	\$446.72	\$446.72				
54	\$436.05	\$436.05	\$467.52	\$467.52				
55	\$455.46	\$455.46	\$488.33	\$488.33				
56	\$476.49	\$476.49	\$510.88	\$510.88				
57	\$497.73	\$497.73	\$533.65	\$533.65				
58	\$520.40	\$520.40	\$557.96	\$557.96				
59	\$531.64	\$531.64	\$570.00	\$570.00				
60	\$554.31	\$554.31	\$594.31	\$594.31				
61	\$573.91	\$573.91	\$615.33	\$615.33				
62	\$586.78	\$586.78	\$629.13	\$629.13				
63	\$602.92	\$602.92	\$646.43	\$646.43				
64+	\$612.72	\$612.72	\$656.94	\$656.94				

Company Name: **Highmark Choice Company (HCC)**Market: **Small Group**Product: **HMO**Effective Date of Rates: **July 1, 2021**

Ending date of Rates:

**September 30, 2021**

HIOS Plan ID (On Exchange)=>	N/A		N/A					
HIOS Plan ID (Off Exchange)=>	38949PA0050003		38949PA0050003					
Plan Marketing Name =>	Keystone HMO \$7000		Keystone HMO \$7000					
Form # =>	HMO-SM/WG-8		HMO-SM/WG-8					
Rating Area =>	Area 1,2,4,5		Area 6					
Network =>	AB		AB					
Metal =>	Bronze		Bronze					
Deductible =>	\$7000		\$7000					
Coinsurance =>	50%		50%					
Copays =>	\$115		\$115					
OOP Maximum =>	\$8550		\$8550					
Pediatric Dental (Yes/No) =>	Yes		Yes					
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$159.87	\$159.87	\$171.41	\$171.41				
15	\$174.08	\$174.08	\$186.64	\$186.64				
16	\$179.51	\$179.51	\$192.47	\$192.47				
17	\$184.95	\$184.95	\$198.29	\$198.29				
18	\$190.80	\$190.80	\$204.57	\$204.57				
19	\$196.65	\$196.65	\$210.84	\$210.84				
20	\$202.71	\$202.71	\$217.34	\$217.34				
21	\$208.98	\$208.98	\$224.06	\$224.06				
22	\$208.98	\$208.98	\$224.06	\$224.06				
23	\$208.98	\$208.98	\$224.06	\$224.06				
24	\$208.98	\$208.98	\$224.06	\$224.06				
25	\$209.82	\$209.82	\$224.96	\$224.96				
26	\$214.00	\$214.00	\$229.44	\$229.44				
27	\$219.01	\$219.01	\$234.81	\$234.81				
28	\$227.16	\$227.16	\$243.55	\$243.55				
29	\$233.85	\$233.85	\$250.72	\$250.72				
30	\$237.19	\$237.19	\$254.31	\$254.31				
31	\$242.21	\$242.21	\$259.69	\$259.69				
32	\$247.22	\$247.22	\$265.06	\$265.06				
33	\$250.36	\$250.36	\$268.42	\$268.42				
34	\$253.70	\$253.70	\$272.01	\$272.01				
35	\$255.37	\$255.37	\$273.80	\$273.80				
36	\$257.05	\$257.05	\$275.59	\$275.59				
37	\$258.72	\$258.72	\$277.39	\$277.39				
38	\$260.39	\$260.39	\$279.18	\$279.18				
39	\$263.73	\$263.73	\$282.76	\$282.76				
40	\$267.08	\$267.08	\$286.35	\$286.35				
41	\$272.09	\$272.09	\$291.73	\$291.73				
42	\$276.90	\$276.90	\$296.88	\$296.88				
43	\$283.59	\$283.59	\$304.05	\$304.05				
44	\$291.95	\$291.95	\$313.01	\$313.01				
45	\$301.77	\$301.77	\$323.54	\$323.54				
46	\$313.47	\$313.47	\$336.09	\$336.09				
47	\$326.64	\$326.64	\$350.21	\$350.21				
48	\$341.68	\$341.68	\$366.34	\$366.34				
49	\$356.52	\$356.52	\$382.25	\$382.25				
50	\$373.24	\$373.24	\$400.17	\$400.17				
51	\$389.75	\$389.75	\$417.87	\$417.87				
52	\$407.93	\$407.93	\$437.37	\$437.37				
53	\$426.32	\$426.32	\$457.08	\$457.08				
54	\$446.17	\$446.17	\$478.37	\$478.37				
55	\$466.03	\$466.03	\$499.65	\$499.65				
56	\$487.55	\$487.55	\$522.73	\$522.73				
57	\$509.28	\$509.28	\$546.03	\$546.03				
58	\$532.48	\$532.48	\$570.90	\$570.90				
59	\$543.97	\$543.97	\$583.23	\$583.23				
60	\$567.17	\$567.17	\$608.10	\$608.10				
61	\$587.23	\$587.23	\$629.61	\$629.61				
62	\$600.40	\$600.40	\$643.72	\$643.72				
63	\$616.91	\$616.91	\$661.43	\$661.43				
64+	\$626.94	\$626.94	\$672.18	\$672.18				

Company Name: **Highmark Choice Company (HCC)**Market: **Small Group**Product: **HMO**Effective Date of Rates: **October 1, 2021**

Ending date of Rates:

**December 31, 2021**

HIOS Plan ID (On Exchange)=>	N/A		N/A					
HIOS Plan ID (Off Exchange)=>	38949PA0050003		38949PA0050003					
Plan Marketing Name =>	Keystone HMO \$7000		Keystone HMO \$7000					
Form # =>	HMO-SM/WG-8		HMO-SM/WG-8					
Rating Area =>	Area 1,2,4,5		Area 6					
Network =>	AB		AB					
Metal =>	Bronze		Bronze					
Deductible =>	\$7000		\$7000					
Coinsurance =>	50%		50%					
Copays =>	\$115		\$115					
OOP Maximum =>	\$8550		\$8550					
Pediatric Dental (Yes/No) =>	Yes		Yes					
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$163.57	\$163.57	\$175.38	\$175.38				
15	\$178.11	\$178.11	\$190.97	\$190.97				
16	\$183.67	\$183.67	\$196.93	\$196.93				
17	\$189.23	\$189.23	\$202.89	\$202.89				
18	\$195.22	\$195.22	\$209.31	\$209.31				
19	\$201.20	\$201.20	\$215.72	\$215.72				
20	\$207.41	\$207.41	\$222.37	\$222.37				
21	\$213.82	\$213.82	\$229.25	\$229.25				
22	\$213.82	\$213.82	\$229.25	\$229.25				
23	\$213.82	\$213.82	\$229.25	\$229.25				
24	\$213.82	\$213.82	\$229.25	\$229.25				
25	\$214.68	\$214.68	\$230.17	\$230.17				
26	\$218.95	\$218.95	\$234.75	\$234.75				
27	\$224.08	\$224.08	\$240.25	\$240.25				
28	\$232.42	\$232.42	\$249.19	\$249.19				
29	\$239.26	\$239.26	\$256.53	\$256.53				
30	\$242.69	\$242.69	\$260.20	\$260.20				
31	\$247.82	\$247.82	\$265.70	\$265.70				
32	\$252.95	\$252.95	\$271.20	\$271.20				
33	\$256.16	\$256.16	\$274.64	\$274.64				
34	\$259.58	\$259.58	\$278.31	\$278.31				
35	\$261.29	\$261.29	\$280.14	\$280.14				
36	\$263.00	\$263.00	\$281.98	\$281.98				
37	\$264.71	\$264.71	\$283.81	\$283.81				
38	\$266.42	\$266.42	\$285.65	\$285.65				
39	\$269.84	\$269.84	\$289.31	\$289.31				
40	\$273.26	\$273.26	\$292.98	\$292.98				
41	\$278.39	\$278.39	\$298.48	\$298.48				
42	\$283.31	\$283.31	\$303.76	\$303.76				
43	\$290.15	\$290.15	\$311.09	\$311.09				
44	\$298.71	\$298.71	\$320.26	\$320.26				
45	\$308.76	\$308.76	\$331.04	\$331.04				
46	\$320.73	\$320.73	\$343.88	\$343.88				
47	\$334.20	\$334.20	\$358.32	\$358.32				
48	\$349.60	\$349.60	\$374.82	\$374.82				
49	\$364.78	\$364.78	\$391.10	\$391.10				
50	\$381.88	\$381.88	\$409.44	\$409.44				
51	\$398.77	\$398.77	\$427.55	\$427.55				
52	\$417.38	\$417.38	\$447.50	\$447.50				
53	\$436.19	\$436.19	\$467.67	\$467.67				
54	\$456.51	\$456.51	\$489.45	\$489.45				
55	\$476.82	\$476.82	\$511.23	\$511.23				
56	\$498.84	\$498.84	\$534.84	\$534.84				
57	\$521.08	\$521.08	\$558.68	\$558.68				
58	\$544.81	\$544.81	\$584.13	\$584.13				
59	\$556.57	\$556.57	\$596.74	\$596.74				
60	\$580.31	\$580.31	\$622.18	\$622.18				
61	\$600.83	\$600.83	\$644.19	\$644.19				
62	\$614.30	\$614.30	\$658.64	\$658.64				
63	\$631.20	\$631.20	\$676.75	\$676.75				
64+	\$641.46	\$641.46	\$687.75	\$687.75				

Highmark Choice Company (HCC)  
Small Group  
Plan Design Summary

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
38949PA0050003	Keystone HMO \$7000	HMO	Bronze	Off	AB	1,2,4,5,6	Clarion, Crawford, Forest, McKean, Venango, Warren, Cameron, Elk, Potter, Armstrong, Clearfield, Huntingdon, Jefferson, Somerset, Centre

Company Name    Highmark Choice Company (HCC)  
Market            Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 1								RATING AREA 2			RATING AREA 3													
HIDS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	0	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38949PA0050003	Keystone HMO \$7000	HMO	Bronze	Off	Crawford	Clarion	Erie	Forest	McKean	Mercer	Venango	Warren	Elk	Cameron	Potter	Bradford	Carbon	Clinton	Lackawanna	Luzerne	Lycoming	Monroe	Pike	Sullivan	Susquehanna	Tioga	Wayne	Wyoming	
					\$199.61	\$199.61		\$199.61	\$199.61		\$199.61	\$199.61	\$199.61	\$199.61	\$199.61														

RATES FOR AGE 21, NON-TOBAC

RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County				
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange
38949PA005003	Keystone HMO 57000	HMO	Bronze	Off

RATING AREA 4									
0	0	0	0	0	0	0	0	0	0
Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland
\$199.61									

RATING AREA 5						
0	0	0	0	0	0	0
Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset
		\$199.61		\$199.61	\$199.61	\$199.61



Company Name    Highmark Choice Company (HCC)  
Market            Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 6										RATING AREA 7					RATING AREA 8					RATING AREA 9						
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	
38549PADD00003	Keystone HMO \$7000	HMO	Bronze	Off	Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York	Bucks	Chester	Delaware	Montgomery	Philadelphia	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry	
					\$214.02																										

Company Name    Highmark Choice Company (HCC)  
Market        Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 1								RATING AREA 2				RATING AREA 3												RATING AREA 4										
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Crawford	Clarion	Erie	Forest	McKean	Mercer	Venango	Warren	Elk	Cameron	Potter	Bradford	Carbon	Clinton	Lackawanna	Lawrence	Lycaming	Monroe	Pike	Sullivan	Susquehanna	Toga	Wayne	Wyoming	Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland	
38489PA020003	KeyStone HMO \$1000	HMO	Bronze	OFF	\$104.24	\$104.24		\$104.24	\$104.24		\$104.24	\$104.24	\$104.24		\$104.24	\$104.24																							

Company Name Highmark Choice Company (HCC)  
Market Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 5											RATING AREA 6											RATING AREA 7				RATING AREA 9							
HCC Plan ID	Plan Marketing Name	Product	Metal	DD/DR Exchange	Bedford	Butt	Clearfield	Columbia	Huntingdon	Jefferson	Somerset	Centre	Columbia	Lancaster	Mifflin	Monroe	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York	Bucks	Chester	Delaware	Montgomery	Philadelphia	Cumberland	Dauphin	Franklin	Fulton	Harris	Lancaster	Perry	
35948PAC020003	KeyStone HMO 71000	HMO	Bronze	DR			\$104.34			\$204.24		\$204.24																										
												\$128.38																										

Company Name      Highmark Choice Company (HCC)  
Market      Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 1												RATING AREA 2												RATING AREA 3												RATING AREA 4									
WCC Plan ID	Plan Marketing Name	Product	Metal	En/Off Exchange Off	0	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
					Crawford	Clarion	Erie	Forest	McKean	Mercur	Venango	Warren	0%	Cameron	Butter		Bradford	Carbon	Clinton	Lackawanna	Lawrence	Lycerating	Monroe	Polk	Sullivan	Susquehanna	Tioga	Wayne	Wyoming	Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland											
384899A0250003	KeyStone HMO 57000	HMO	Bronze	Off	\$208.98	\$208.98		\$208.98	\$208.98	\$208.98	\$208.98	\$208.98	\$208.98	\$208.98	\$208.98	\$208.98																							\$208.98											

Company Name Highmark Choice Company (HCC)  
Market Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

HMO Plan ID	02-01-2020 Number of Covered Lives by Rating County				RATING AREA 1												RATING AREA 2										RATING AREA 3										
	Plan Marketing Name	Product	Metal	On/Off Exchange	0		0		0		0		0		0		0		0		0		0		0		0		0		0		0		0		
					Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset	Centre	Columbia	Lehigh	Mifflin	Monroe	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York	Bucks	Chester	Delaware	Montgomery	Philadelphia	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
00440P40200001	Keystone HMO 57000	HMO	Bronze	OT	\$208.58							\$324.08																									

Company Name    Highmark Choice Company (HCC)  
Market            Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 1								RATING AREA 2			RATING AREA 3												
IRIS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Crawford	Clarion	Erie	Forest	Madison	Mercer	Venango	Warren	Elk	Cameron	Potter	Bradford	Carbon	Clinton	Lackawanna	Luzerne	Lycoming	Monroe	Pike	Sullivan	Susquehanna	Tioga	Wayne	Wyoming
38349PAG05003	Keystone HMO STD	HMO	Bronze	Off	\$213.82	\$213.82		\$213.82	\$213.82		\$213.82	\$213.82	\$213.82	\$213.82	\$213.82													

Company Name Highmark Choice Company (HCC)  
Market Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 4										RATING AREA 5						RATING AREA 6											
					D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D
HROS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland	Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset	Centre	Columbia	Lehigh	Mifflin	Monroe	Northampton	Northumberland	Schuylkill	Snyder	Union	
38940FAD020001	KeyStone HMO STD00	HMO	Bronze	OT		\$213.82									\$213.82				\$213.82	\$213.82		\$229.35										

Company Name    Highmark Choice Company (HCC)  
Market        Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2020 Number of Covered Lives by Rating County					RATING AREA 7				RATING AREA 8					RATING AREA 9						
					0				0					0						
PH25/Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Adams	Berks	Lancaster	York	Bucks	Chester	Delaware	Montgomery	Philadelphia	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
2614PNA2200023	KeyStone HMO S7000	HMO	Bronze	CR																



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Unified Rate Review v5.2

Company Legal Name:Highmark Choice Company (HCC)

HIOS Issuer ID:38949

Effective Date of Rate Change(s):01/01/2021

State:PA

Market:Small Group

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.

To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.

To validate, select the Validate button or Ctrl + Shift + I.

To finalize, select the Finalize button or Ctrl + Shift + F.

Market Level Calculations (Same for all Plans)

Section I: Experience Period Data

Experience Period:01/01/2019to12/31/2019

TotalPMPM

Allowed Claims	\$166,942.00	\$294.95
Reinsurance	\$0.00	\$0.00
Incurred Claims in Experience Period	\$131,747.00	\$232.77
Risk Adjustment	-\$51,280.00	-\$90.60
Experience Period Premium	\$284,450.00	\$502.56
Experience Period Member Months	566	

Section II: Projections

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM
		Cost	Utilization	Cost	Utilization	
Inpatient Hospital	\$38.07	1.085	1.010	1.085	1.010	\$45.72
Outpatient Hospital	\$81.85	1.085	1.010	1.085	1.010	\$98.29
Professional	\$89.05	1.085	1.010	1.085	1.010	\$106.94
Other Medical	\$12.57	1.085	1.010	1.085	1.010	\$15.10
Capitation	\$0.16	2.017	1.000	2.017	1.000	\$0.65
Prescription Drug	\$73.25	1.085	1.010	1.085	1.010	\$87.96
Total	\$294.95					\$354.66

Morbidity Adjustment	1.000
Demographic Shift	1.000
Plan Design Changes	0.919
Other	1.000
Adjusted Trended EHB Allowed Claims PMPM for 01/01/2021	\$325.93
Manual EHB Allowed Claims PMPM	\$381.61
Applied Credibility %	0.00%

Projected Period Totals

Projected Index Rate for 01/01/2021	\$381.61	\$41,213.88
Reinsurance	\$0.00	\$0.00
Risk Adjustment Payment/Charge	\$19.43	\$2,098.44
Exchange User Fees	0.00%	\$0.00
Market Adjusted Index Rate	\$362.18	\$39,115.44
Projected Member Months	108	

Information Not Releasable to the Public Unless Authorized by Law:

This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.

Company Legal Name:	Highmark Choice Company (HCC)
HIOS Issuer ID:	38949
Effective Date of Rate Change(s):	01/01/2021

State: PA  
Market: Small Group

To validate, select the Validate button or Ctrl + Shift + I.

To finalize, select the Finalize button or Ctrl + Shift + F.

To remove a product, navigate to the corresponding Product Name/Product ID field and select the Remove Product button or Ctrl + Shift + Q.

To remove a plan, navigate to the corresponding Plan Name/Plan ID field and select the Remove Plan button or Ctrl + Shift + A.

## Product/Plan Level Calculations

[illegible]

Worksheet 1 Totals Section II: Experience Period and Current Plan Level Information

	2.1 Plan ID (Standard Component ID)	Total	38949PA000001	38949PA000003	38949PA0120001	38949PA0120002	38949PA0120003	38949PA0130002	38949PA0130003	38949PA0130004	38949PA0130005	38949PA0130006	38949PA0130007	38949PA0130008	38949PA0130009	38949PA0130010
\$166,942	2.2 Allowed Claims	\$166,942	\$49,862	\$0	\$0	\$0	\$12,260	\$58,206	\$0	\$13,134	\$25,067	\$2,392	\$0	\$0	\$0	\$0
\$0	2.3 Reinsurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	2.4 Member Cost Sharing	\$35,195	\$3,434	\$0	\$0	\$0	\$2,802	\$3,391	\$0	\$5,753	\$8,640	\$994	\$0	\$0	\$0	\$0
\$0	2.5 Cost Sharing Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$131,747	2.6 Incurred Claims	\$131,747	\$46,428	\$0	\$0	\$0	\$9,458	\$44,615	\$0	\$11,381	\$16,447	\$1,418	\$0	\$0	\$0	\$0
-\$51,280	2.7 Risk Adjustment Transfer Amount	-\$51,280	\$0	\$0	\$0	-\$794	-\$12,417	-\$10,798	\$0	-\$18,617	-\$1,779	-\$6,878	\$0	\$0	\$0	\$0
\$284,450	2.8 Premium	\$284,450	\$70,519	\$0	\$0	\$1,291	\$26,113	\$110,016	\$0	\$40,490	\$25,988	\$9,833	\$0	\$0	\$0	\$0
\$56	2.9 Experience Period Member Months	\$56	\$4	\$0	\$0	\$0	\$3	\$273	\$0	\$66	\$6	\$26	\$0	\$0	\$0	\$0
\$0	2.10 Current Enrollment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	2.11 Current Premium PMPM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$6.50%	2.12 Loss Ratio	\$6.50%	65.85%	#DIV/0!	#DIV/0!	#DIV/0!	0.10%	67.09%	44.97%	#DIV/0!	61.18%	67.50%	\$1.49%	#DIV/0!	#DIV/0!	#DIV/0!
	<b>Per Member Per Month</b>															
	2.13 Allowed Claims	\$294.95	\$593.60	#DIV/0!	#DIV/0!	\$0.16	\$204.33	\$214.78	#DIV/0!	\$289.91	\$447.98	\$92.01	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2.14 Reinsurance	\$0.00	\$0.00	#DIV/0!	#DIV/0!	\$0.00	\$0.00	\$0.00	#DIV/0!	\$0.00	\$0.00	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2.15 Member Cost Sharing	\$62.18	\$40.88	#DIV/0!	#DIV/0!	\$0.00	\$46.70	\$50.15	#DIV/0!	\$87.16	\$154.29	\$37.47	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2.16 Cost Sharing Reduction	\$0.00	\$0.00	#DIV/0!	#DIV/0!	\$0.00	\$0.00	\$0.00	#DIV/0!	\$0.00	\$0.00	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2.17 Incurred Claims	\$332.77	\$553.71	#DIV/0!	#DIV/0!	\$0.16	\$157.61	\$164.63	#DIV/0!	\$239.73	\$384.54	\$92.01	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2.18 Risk Adjustment Transfer Amount	-\$90.60	\$0.00	#DIV/0!	#DIV/0!	-\$254.79	-\$206.96	-\$39.84	#DIV/0!	-\$282.08	-\$31.69	-\$264.55	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2.19 Premium	\$502.56	\$839.38	#DIV/0!	#DIV/0!	\$430.18	\$441.93	\$405.96	#DIV/0!	\$463.48	\$464.25	\$370.47	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

## Section III: Plan Adjustment Factors

[illegible]

## Section IV: Projected Plan Level Information

[illegible]

## Rating Area Data Collection

*Specify the total number of Rating  
Select only the Rating Areas you are  
To validate, select the Validate button  
To finalize, select the Finalize button*

Rating Area	Rating Factor
Rating Area 1	0.9700
Rating Area 2	0.9700
Rating Area 4	0.9700
Rating Area 5	0.9700
Rating Area 6	1.0400

*g Areas in your State by selecting the Create Rating Areas button or Ctrl + Shift + I  
are offering plans within and add a factor for each are  
utton or Ctrl + Shift +  
ton or Ctrl + Shift + I*

## **Part II of the Preliminary Justification**

### **Highmark Choice Company – Small Group Market**

#### **Scope and Range:**

Highmark Choice Company (HCC) is requesting no reported rate change for its 2021 ACA qualifying small group products with effective dates from January 1, 2021 to December 31, 2021. There is no membership in the renewing plans. This will impact 0 individuals.

The changes in the rates are being driven by rising medical care costs, which are expected to continue through the remainder of 2020 and throughout 2021 as a result of both higher utilization and the increasing cost of healthcare services.

Lower cost small groups are expected to remain outside the ACA single-risk pool for most of 2021 due to more favorable premium rates afforded to them in the pre ACA rating formula. The remaining population expected to enroll in the ACA qualifying products represents a small portion of the pool, and those groups generally have unfavorable demographics and higher than average claim costs.

#### **Historical Financial Experience:**

Highmark Coverage Advantage reported a financial gain in 2019.

#### **Change in Medical Service Costs:**

The projected average cost of medical care for the projected population is expected to increase. The increase will emerge in utilization and average cost per service, and is spread across all types of services.

#### **Change in Benefits:**

Some cost sharing parameters were changed in order to maintain compliance with Federal AV requirements. Additionally, some out of pocket maximum parameters were changed to keep up with the rising cost of health care. These out of pocket maximum changes also aided in mitigating the rate increase.

#### **Administrative Costs, Anticipated Operating Results, and Medical Loss Ratio:**

Relative to the 2020 rate filing, taxes and fees are lower since the Health Insurance Provider Fee was repealed for 2021. The anticipated operating results are not excessive or unreasonable. In accordance with regulations, the projected medical loss ratio is over 80%.

**Part III Actuarial Memorandum**

**Redacted Version**

**Highmark Choice Company (HCC)**

**Small Group Rate Filing**

**Effective January 1, 2021**

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## **I. General Information**

### **Document Overview**

This document contains the Part III Actuarial Memorandum for Highmark Choice Company (HCC) Small Group block of business rate filing (“Filing”), for products with effective dates in calendar year 2021. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template.

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the State of Pennsylvania Department of Insurance, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of HCC’s Filing. However, we recognize that this certification may become a public document. HCC makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this actuarial memorandum prepared by HCC that would result in the creation of any duty or liability under any theory of law by HCC or its employees to third parties.

The results are actuarial projections. Actual experience is likely to differ for a number of reasons, including population changes, claims experience, and random deviations from assumptions.

### **I.1 Company Identifying Information:**

- Company Legal Name: Highmark Choice Company (HCC)
- State: The State of Pennsylvania has regulatory authority over these policies
- HIOS Issuer ID: 38949
- Market: Small Group
- Effective Date: January 1, 2021

## **II. Proposed Rate Changes**

For all rate increases by plan please see the ‘Cumulative Rate Change % (over 12 mos prior)’ found in line 1.11 of the URRT Worksheet 2. Rate changes vary by plan, as plan benefits need adjusted to help maintain compliance with metal level requirements. Other base rate components (pricing actuarial factor and network discount) are also re-evaluated each year. For 2021, the Company’s proposed rate revisions vary by plan, according to the detail presented in the URRT, Worksheet 2.



The URRT is calculating a 0% rate increase since there is no enrollment in the current renewal plan. The issued rates on the one renewal plan will increase by 6.0%. The primary drivers of the 6.0% rate increase (weighted on the projected enrollment for renewing plans in the URRT) are anticipated cost and utilization increases impacting claims (such as changes in provider reimbursement levels and the availability of new pharmaceutical treatments) and 1.9% due to the projected impact of COVID-19 on 2021 claim levels, partially offset by an increase in claim savings due to negotiated terms with our pharmaceutical benefit manager.

### **III. Experience and Current Period Premium, Claims, and Enrollment**

#### **III.1 Paid through Date:**

Experience period claims were based on incurred calendar year 2019, paid through February 29, 2020. We included only the non-grandfathered, insured members in HCC's book-of-business.

Since the experience under HCC in 2019 was very limited, with little credibility, the rates were developed by using 100% manual rates, as described below in the Credibility Manual section.

#### **III.2 Current Date:**

The current date used for enrollment and premium is February 29, 2020.

#### **III.3 Allowed and Incurred Claims Incurred During the Experience Period:**

- Historical Experience: To complete the URRT historical experience section we chose HCC's current experience for the small group block of business for the period January 1, 2019 through December 31, 2019, with claims paid through February 29, 2020
- Claims Incurred During the 12-month experience period: Worksheet 1, Section I shows our best estimate of the amount of claims that were incurred during the 12-month experience period for HCC's book-of-business. This section includes:
  - The amount of claims which were processed through our claims system,
  - Claims processed outside of our claims system (Rx rebates, settlements, capitated benefits), and
  - Our best estimate of claims incurred but not paid as of the Paid through Date stated above.
- Method for Determining Allowed Claims: For non-capitated claims, the allowed charges are summarized from HCC's detailed claim-level historical data. We only include the non-grandfathered, insured members from HCC's book-of-business.

- **Paid Claims:** We also summarized the paid claims from detailed member records. The paid-to-allowed ratio for the experience period reflects the underlying benefit plan designs chosen by each member.
- **Incurred but Not Paid (IBNR) Claims Estimate:** HCC's estimate of the remaining incurred but not recorded (IBNR) claims reflects the anticipated IBNR as of the end of the paid claim run out period. The IBNR completion factor of 0.980 was developed for HCC's total small group business through analysis of historical claim completion factors. The completion factor was applied equally to both paid and allowed total claims (as a change in utilization) to complete the experience.

#### **IV. Benefit Categories**

Experience period claims data were pulled from HCC's claims systems, and categorized into benefit category components according to types of services associated with each claim. The resulting categories closely adhere to the preferred definitions of the Benefit Categories included in the URRT instructions, including the "Other Medical" category. The "Other Medical" category units reflect visits for PDN/home health, trips for ambulance and procedures for DME/prosthetics. The "Capitation" category represents the monthly charge paid to our Vision benefit provider for covering pediatric vision benefits.

#### **V. Projection Factors**

HCC's projected experience is based 100% on the manual rate. See the Credibility Manual Rate Development section, just below, for a discussion of the projection factors.

#### **VI. Credibility Manual Rate Development**

##### **VI.1 Source and Appropriateness of Experience Data Used**

**Historical Experience:** Since HCC's small group experience on its own would not be credible, HCC's experience was combined with experience from HCC's parent company, Highmark Inc., as well as Highmark Inc.'s other subsidiaries, Highmark Health Insurance Company and Highmark Coverage Advantage, for the small group block of business for the period January 1, 2019 through December 31, 2019, with claims paid through February, 2020 as the basis for the 2021 projected small group market pricing. It is large and represents the closest experience base to the projected population. The benefit categories are the same as described in section IV above.

##### **VI.2 Trend Factors (cost/utilization)**

This development of the CY 2021 rates reflects an annual trend rate of 9.6% (8.5% cost, 1.0% utilization). The annual trend estimates include the impact of provider contracting and anticipated utilization changes to both projected in-network and out-of-network costs. These estimates measure and normalize for benefit leverage, population aging, and historical changes for fee schedules, as well as company-wide utilization management programs, and external trend drivers.

The allowed claims used for the development of the trend are adjusted and normalized to obtain a claim basis appropriate for trend development. These adjustments include changes for in-network provider contracting levels, changes for out-of-network costs, changes in utilization from medical management programs, and changes in drug costs from impacts such as generic drug development and new drug treatments. In addition, the trend estimates normalize for benefit leveraging, population aging, changes in fee schedules, and external trend drivers. The projection of claim costs into the rating period utilizes the same categories of adjustment factors, adjusts for seasonality, and uses a statistical regression of historical trend levels to project monthly claim levels. This normalized and adjusted claim progression is then used to provide the basis for our trend regression model, which will be used to establish the Company's rating trend.

The regression trend model is used to smooth out noise in the historical claim levels and to provide an appropriate jumping off point for our projected claim levels. Using the factors discussed above to adjust our projected claim levels, we can establish an appropriate assumption for trend using our experience period claim levels as the starting point. Since our historical experience would encompass the expected coverage and demographic makeup of our membership, our historical claim levels, adjusted for these factors and projected forward, would represent the best estimates of trend for this block of business.

The trend represents a blended average for all types of service and is applied to the aggregate experience for pricing. These trends represent assumed community-wide expectations. Claim variations due to the specific projected enrolled population in this single risk pool are reflected in the morbidity adjustment.

### **VI.3 Morbidity Adjustment**

The morbidity adjustment reflects the anticipated changes in the average morbidity of the covered population (beyond allowable rating factors) from the experience period to the rating period. As we have seen through the transitional coverage availability period, many of the Small Group market customers have retained their pre-ACA coverage, and have yet to join the ACA risk pool. With the transitional coverage provisions extension through the end of 2021 for groups that renew on or prior to October 1, 2021, we continue to believe that many groups, especially lower-risk groups, will continue to retain their current transitional coverage until required to transfer coverage. We are expecting that enrollment drops slightly and that we lose some of the better risk groups. Also, with the continued availability of transitional coverage, we expect any new groups moving into ACA products from transitional coverage will be of higher morbidity.

#### **Impact of COVID-19**

The Morbidity Adjustment was increased by 1.9% to reflect the estimated impact of COVID-19 on 2021 claim costs. The drivers of the increase are costs directly related to COVID-19, such as a possible vaccine and continued cost sharing waivers, as well as other care delivery changes. Due to these factors we are currently estimating an impact to 2021 claim costs of 1.9% in the PA Small Group ACA market. The components of the adjustment are discussed below.

*COVID-19 Treatment Costs* (1.6% increase in 2021 claims): The primary driver for 2021 is the cost of a potential new vaccine. We assume a vaccine is available and 90% of members get it in 2021, either in the office or at a retail pharmacy. Additionally, we assume some vaccines will be administered in an additional office visit with waived cost sharing. Also, we assume COVID-19 testing will be required before any outpatient procedure.

*Care Delivery Change* (0.3% increase in 2021 claims): We assume some increase in cost of care due to member health deteriorating slightly. Additionally, we assume a higher intensity of services per visit as providers re-engage with their patients. Finally, we assume some care will be shifted to more expensive sites of service.

#### Total Morbidity Adjustment

The change in morbidity factor applied to this Company's experience is 1.000, since it didn't make sense to estimate a change in morbidity for a non-credible base. We apply a factor of 1.019 to this morbidity factor for COVID-19. The credibility adjusted level of morbidity is worse than the 2019 experience of this Company.

### **VI.4 Demographic Shifts**

We are projecting a slight increase in the average age from the experience period to the projection period as business migrates into ACA plans from transitional plans and other plans in the Small Group market. There is no change assumed in the projected area factor. For the development of the CY 2021 rates, this is reflected with a 1.010 Demographic Shift factor in the URRT Worksheet 1.

### **VI.5 Plan Design Changes**

We made the following adjustments to reflect the expected differences in benefits between the experience period and projection period:

- We reflected anticipated changes in the average utilization of services due to differences in average cost sharing requirements during the experience period and average cost sharing requirements in the projection period: -10.2%.
- We reflected a reduction in the capitation costs for the pediatric vision benefits: -\$0.01 PMPM.
- We reflected the following newly mandated benefits required under state law, which are not reflected in the experience period claims: None.
- We reflected the following new benefits that are not part of the essential health benefit package or required under state law that did not exist in the experience period claims: None.
- We made an adjustment to reflect the removal of benefits covered in the experience period claims that will not be covered in the projection period: None.

For the development of the CY 2021 rates, the combination of the above factors produces a 0.898 Plan Design Changes factor in the URRT Worksheet 1.

#### **VI.6 Other Adjustments**

We are expecting an increase in savings associated with prescription drug rebates from the experience period to the projection period of \$7.24 PMPM. This increase in rebates is due to new levels of negotiated rebates with our pharmaceutical vendor.

#### **VI.7 Credibility of Experience**

We do not use a rigid credibility formula or pre-defined manual rate in the small group market. Based on professional judgment, if the experience can be used to produce reasonable results, it will be considered fully credible in lieu of a rigid formula. The Company's experience is not credible on its own. To develop the experience used in the rating and trend analysis, the Company utilizes experience from its parent company, Highmark Inc., as well as Highmark Inc.'s other subsidiaries, Highmark Health Insurance Company and Highmark Coverage Advantage. The combined experience used is limited to the Company's Rating Area and Market, and provides a more credible base to analyze the trend components impacting the business in the Company's Market.

#### **VI.8 Establishing the Index Rate**

The index rates as shown on Worksheet 1 of the URRT are simply the average allowed claims for the Essential Health benefits for the experience and projected populations, respectively, for HCC. It is not adjusted for the risk adjustment program or any other fee. For the projection period, it is the member-weighted average of the quarterly rate indices (Jan 1, Apr 1, Jul 1, and Oct 1) based on the assumed membership distribution effective in each quarter, as shown in the table below.

<b>2021</b>	<b>% of Members</b>	<b>Projected Quarterly Index Rate PMPM</b>
1Q	26.5%	\$381.61
2Q	15.0%	\$390.45
3Q	18.9%	\$399.51
4Q	39.6%	\$408.77
Composite	100.0%	\$397.06

See the sections below for a description of how the projected index rate is adjusted to arrive at each plan adjusted index rate.

#### **VI.9 Development of the Market-wide Adjusted Index Rate**

The limitations imposed by verifications and rounding in the URRT v5.2 workbook produce a Market Adjusted Index Rate that is slightly different from the one ultimately used in the rate development. Please see Exhibit I for a numerical demonstration of the Market-wide Adjusted

Index Rate development that removes these limitations, including the Reinsurance, Risk Adjustment Payment/Charge, and Exchange User Fees discussed below.

#### **VI.10 Reinsurance**

HCC does not have any reinsurance contracts in effect that would impact this rate development. The consideration for the federal high-cost risk pooling program is discussed in the following Risk Adjustment Payment/Charge section.

#### **VI.11 Risk Adjustment Payment/Charge**

To determine our estimated risk transfer for 2021, we examined historical risk scores calculated from the factors in the HHS Notice of Benefit and Payment Parameters, and other risk adjustment transfer formula components, for those members anticipated to be covered by HCC in 2021. We then estimate the statewide average risk scores and other transfer formula components by analyzing the available risk adjustment transfer component information: the Interim Summary Report on Risk Adjustment for the 2019 Benefit Year published by CMS, the PA Insurance Department's calculation of 2019 risk adjustment transfer amounts using the final RATEE files, prior years' risk adjustment transfer results, publicly available data (such as MLR reports and rate filings), and outside expertise from actuarial consultants. We do not anticipate significant migration into the small group risk pool from external populations (such as the uninsured).

HCC considered the impact of the high-cost risk pooling payment for the Small Group market, first implemented in 2018, in its development of its anticipated risk transfer for 2021, and is assuming that the net cost (payments less recoveries) will be negligible for the 2021 rating period.

Since HCC's manual rate development utilizes Western, PA regional experience to establish a credible experience basis, the anticipated risk transfer profile of the membership within HCC uses a similar development, relying on the combined experience of several Highmark family companies to estimate the company risk transfer profile. Given the relationship between the Western, PA market risk transfer profile to the entire state market, we are assuming that HCC members will have a risk profile slightly higher than the market-wide averages, and that HCC will receive a contribution from the risk adjustment program in 2020, decreasing premiums in the rate development by \$19.43 PMPM. Note that this value is gross of the paid-to-allowed ratio, and obtained by dividing the expected risk transfer amount of \$13.18 by HCC's expected paid-to-allowed ratio in 2021. Since the projected paid-to-allowed ratio is 67.8%, the URRT Worksheet 1 result is  $\$19.43 = \$13.18 / 67.8\%$ .

#### **VI.12 Exchange User Fees**

The projected Exchange User Fees are developed from the Exchange user fees to be charged by CMS in 2021, multiplied by the percentage of business we expect to purchase Market coverage through the Exchange for HCC. For HCC, all business will be offered Off Exchange in 2021, so there are no Exchange User Fees charged in the rate development.

## **VII. Plan Adjusted Index Rates**

Plan Adjusted Index Rates are developed by taking the Market Adjusted Index Rate and adjusting for each plan's actuarial value, relative benefit richness, relative network, and remaining administrative expenses (including profit and risk, and taxes and fees). Please see Exhibit II for the development of the Plan Adjusted Index Rate for each plan. The administrative expenses do not vary by plan.

### **VII.1 Administrative Expense**

The proposed rates reflect internal administrative costs, including commissions and quality improvement admin. This cost was developed based on standard expense allocation methods, as follows:

- Administrative expenses are recorded in our general ledger. Indirect operating expenses are then grouped based upon like functions, responsibilities or cost drivers and allocated to final cost objects via an appropriate cost driver.

### **VII.2 Taxes and Fees**

The Health Insurance Provider Fee has been repealed for calendar years beginning after December 31, 2020. As such, a charge for this fee is no longer reflected in the rate development.

In addition, the Patient-Centered Outcomes Research Institute (PCORI) Fee was extended for an additional 10 years, and will be collected for all 2021 policy years. As such, the taxes and fees reflected in this filing include the anticipated PCORI fee to be collected.

The following taxes and fees were included in the 2021 rate development:

- \$0.23 PMPM for the PCORI Fee; and
- \$0.25 PMPM for the Risk Adjustment User Fee.

In total, these taxes and fees amount to 0.16% of the anticipated premium collected in 2021.

### **VII.3 Profit & Risk Load**

The proposed rates reflect 0.00% of premium as a profit and risk load. HCC has voluntarily refrained from including a profit and risk load in this filing. By this voluntary action, HCC is not waiving any right to include a profit and risk load which HCC believes is consistent with historical and legal interpretations of HCC and the Department.

## **VIII. Calibration**

### **VIII.1 Age Curve Calibration (to age 21, non-smoker, area with 1.0 geographic factor, January 1 effective date)**

The projected weighted average age factor is 1.514. Each Plan Adjusted Index Rate represents the rate for an average member (i.e., a member with an age factor is 1.514). Please note that no member will pay these rates because the age factor of 1.514 is not found on the HHS Age Curve. It only represents the average age factor of the projected population. Please see Exhibit I for the development of the calibration factor, which calibrates the index rate to an Age 21 age factor. The Age Calibration Factor shown in URRT Worksheet 2 is the inverse of weighted average age factor, which for HCC is 0.6604.

### **VIII.2 Geographic Factor Calibration**

The projected weighted average geographic factor is 0.971. Each Plan Adjusted Index Rate represents the rate for an average member with a geographic factor of 0.971. Please note that no member will pay these rates because HCC is not using a geographic factor of 0.971 for any of the Pennsylvania rating areas. It only represents the average geographic factor of the projected population. Please see Exhibit I for the development of the calibration factor. The Geographic Calibration Factor shown in URRT Worksheet 2 is the inverse of weighted average geographic factor, which for HCC is 1.0303.

### **VIII.3 Tobacco Use Rating Factor Calibration**

HCC does not currently utilize tobacco rating factors.

## **IX. Consumer Adjusted Premium Rate Development**

The Calibrated Plan Adjusted Index Rate shown in URRT Worksheet 2 represents the rate for a non-smoker member with a 1.0 age factor and 1.0 geographic factor for a 1/1/2021 renewal. The appropriate value to calibrate the Plan Adjusted Index Rate by is located at the bottom of Exhibit I. By applying the 'Combined Calibration Factor' found in Exhibit I or the calibration factors in 3.11, 3.12 and 3.13 of URRT Worksheet II Section III to the Plan Adjusted Index Rates, the resulting value will represent the plan premium for a 21 year old in a 1.0 area on 1/1/2021. The standard HHS Age Curve and area factors of 0.97 for regions 1, 2, 4, and 5; and 1.04 for region 6 can be used to calculate any rate found in the QHP rate template.

HCC is filing quarterly Index Rate trends of 2.32% per quarter. Subsequent quarterly rates can be developed by applying the quarterly Index Rate trend to the first quarter rates.

## **X. Projected Loss Ratio**

The anticipated medical loss ratio reflected in this annual rate change filing is 81.4% relative to total premium less taxes and fees. This loss ratio is calculated consistent with the federally prescribed MLR methodology.



## **XI. AV Metal Values**

The AV Metal Values included in Worksheet 2 of the Part I Unified Rate Review Template were based entirely on the Federal AV Calculator. No adjustments were needed for any benefits from those values produced by the AV calculator.

## **XII. Membership Projections**

Since transitional policy relief was extended through 2021 for groups that renew on or prior to October 1, 2021, we project that the bulk of the members in the small group market will remain outside of the ACA-compliant products, and remain outside the ACA single-risk pool. As such, HCC is projected to have very little membership in its ACA products in 2021. See line 4.9 of the URRT Worksheet 2 to see projected membership by plan.

## **XIII. Terminated Plans and Products**

HCC is terminating 9 QHP plans that were active in the 2019 experience period. These plans not will be mapped in the URRT.

Exhibit III lists all the terminating QHP plans.

## **XIV. Plan Type**

The Plan types listed in Worksheet 2, Section I of the Part I Unified Rate Review Template describe HCC's plans adequately.

## **XV. Actuarial Certification**

I am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared on behalf of HCC to accompany its rate filing (for calendar year 2021) for the Small Group Market off the Pennsylvania Exchange.

I hereby certify that the projected Index Rate is, to the best of my knowledge and understanding:

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102),
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

I certify that the Index Rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

I certify that the geographic rating factors reflect only differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

I certify that the AV Calculator was used to determine the AV Metal Values shown in Part I of Worksheet 2 in the URRT for all plans.

The Unified Rate Review Template does not demonstrate the process used by HCC to develop the rates. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of Qualified Health Plans for Federally-facilitated Exchanges and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

Signed: [Redacted]

Date: 07/20/2020

<b>Exhibit I</b>	
<b>Highmark Choice Company (HCC)</b>	
<b>2021</b>	
<b>Pennsylvania Small Group Market Base Rate</b>	
	<b>1/1/2021 Values</b>
<b>CY2021 Projected Period Average Members</b>	9
<b>CY2021 Allowed Claims</b>	\$381.61
<b>Projected Non-EHBs</b>	
None	\$0.00
<b>CY2021 Allowed Claims for EHB Only (Index Rate)</b>	\$381.61
<b>Market Index Rate Adjustments</b>	
Risk Adjustment (Includes Risk Adjuster Fee)	0.949
Federal Reinsurance Program (Includes Reinsurance Premium)	1.000
Exchange User Fee Adjustment	1.000
<b>CY2021 Market Adjusted Index Rate</b>	\$362.18
<b>Calibration</b>	
<b>Calibration from Plan Adjusted Index Rate to Age 21, 1.0 Area, Non-Smoker, January 1, 2021 Rate</b>	
(a) Average Age Factor	1.514
(b) Age 21 Factor	1.0000
(c) Average Geographic Factor	0.9706
Combined Calibration Factor $1/((a/b)*c)$	0.6804
<b>*Quarterly Index Rate trends are being set at 2.32%.</b>	

# Highmark Choice Company (HCC)

Exhibit II

## Western PA Regions

### Unified Rate Review Template (URRT) AV Pricing Value Development

#### Plan Design Summary

							Plan Level							
Product	HIOS Plan ID	Metallic Level	Plan Design Marketing Name	Service Zone	Regions Offered	On or Off Exchange	Base Rate PMPM	URRT AV Pricing Value	Portion of URRT AV Pricing Value Attributable to each Allowable Modifier <sup>[1]</sup>					
									(i)	(ii)	(iii)	(iv)	(v)	
Keystone	38949PA0050003	Bronze	Keystone HMO \$7000	AB	1,2,4,5,6	Off	\$302.44	0.8350	0.678	1.000	1.000	1.231	1.000	

<sup>[1]</sup> Permitted Plan-Level Adjustments to the Index Rate as prescribed in 45 CFR Part 156, §156.80(d)(2):

- (i) The actuarial value and cost-sharing design of the plan.
- (ii) The plan's provider network, delivery system characteristics, and utilization management practices.
- (iii) The benefits provided under the plan that are in addition to the essential health benefits.
- (iv) Administrative costs, excluding Exchange user fees.
- (v) With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

# Highmark Inc.

Exhibit III

## Western, PA (WPA) Region

### Unified Rate Review Template (URRT) AV Pricing Value Development

Exchange	Service Zone	Regions	Terminated Plans		Mapping to...	
			HIOS ID	Plan Design Name	HIOS ID	Plan Design Name
Off	AA	1	38949PA0120001	Keystone HMO Embedded Q3000		---- Not Mapped ----
Off	AA	1	38949PA0120002	Keystone HMO Embedded Q6000		---- Not Mapped ----
Off	AA	1	38949PA0130001	Keystone HMO 0		---- Not Mapped ----
Off	AA	1	38949PA0130002	Keystone HMO 500		---- Not Mapped ----
Off	AA	1	38949PA0130003	Keystone HMO 1000		---- Not Mapped ----
Off	AA	1	38949PA0130004	Keystone HMO 1500		---- Not Mapped ----
Off	AA	1	38949PA0130005	Keystone HMO 2500		---- Not Mapped ----
Off	AA	1	38949PA0130006	Keystone HMO 5000 1x		---- Not Mapped ----
Off	AA	1	38949PA0130007	Keystone HMO 2000		---- Not Mapped ----

2021 Rates Table Template v10.0	All fields with an asterisk ( *) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.			
	If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.			
	If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.			
	If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.			
	To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.			
HIOS Issuer ID*	38949			
Rate Effective Date*	01/01/2021			
Rate Expiration Date*	03/31/2021			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
	38949PA0050003	Rating Area 1	No Preference	0-14 152.70
	38949PA0050003	Rating Area 1	No Preference	15 166.28
	38949PA0050003	Rating Area 1	No Preference	16 171.46
	38949PA0050003	Rating Area 1	No Preference	17 176.65
	38949PA0050003	Rating Area 1	No Preference	18 182.24
	38949PA0050003	Rating Area 1	No Preference	19 187.83
	38949PA0050003	Rating Area 1	No Preference	20 193.62
	38949PA0050003	Rating Area 1	No Preference	21 199.61
	38949PA0050003	Rating Area 1	No Preference	22 199.61
	38949PA0050003	Rating Area 1	No Preference	23 199.61
	38949PA0050003	Rating Area 1	No Preference	24 199.61
	38949PA0050003	Rating Area 1	No Preference	25 200.41
	38949PA0050003	Rating Area 1	No Preference	26 204.40
	38949PA0050003	Rating Area 1	No Preference	27 209.19
	38949PA0050003	Rating Area 1	No Preference	28 216.98
	38949PA0050003	Rating Area 1	No Preference	29 223.36
	38949PA0050003	Rating Area 1	No Preference	30 226.56
	38949PA0050003	Rating Area 1	No Preference	31 231.35
	38949PA0050003	Rating Area 1	No Preference	32 236.14
	38949PA0050003	Rating Area 1	No Preference	33 239.13
	38949PA0050003	Rating Area 1	No Preference	34 242.33
	38949PA0050003	Rating Area 1	No Preference	35 243.92
	38949PA0050003	Rating Area 1	No Preference	36 245.52
	38949PA0050003	Rating Area 1	No Preference	37 247.12
	38949PA0050003	Rating Area 1	No Preference	38 248.71
	38949PA0050003	Rating Area 1	No Preference	39 251.91
	38949PA0050003	Rating Area 1	No Preference	40 255.10
	38949PA0050003	Rating Area 1	No Preference	41 259.89
	38949PA0050003	Rating Area 1	No Preference	42 264.48
	38949PA0050003	Rating Area 1	No Preference	43 270.87
	38949PA0050003	Rating Area 1	No Preference	44 278.86
	38949PA0050003	Rating Area 1	No Preference	45 288.24
	38949PA0050003	Rating Area 1	No Preference	46 299.42
	38949PA0050003	Rating Area 1	No Preference	47 311.99
	38949PA0050003	Rating Area 1	No Preference	48 326.36
	38949PA0050003	Rating Area 1	No Preference	49 340.53
	38949PA0050003	Rating Area 1	No Preference	50 356.50
	38949PA0050003	Rating Area 1	No Preference	51 372.27
	38949PA0050003	Rating Area 1	No Preference	52 389.64
	38949PA0050003	Rating Area 1	No Preference	53 407.20
	38949PA0050003	Rating Area 1	No Preference	54 426.17
	38949PA0050003	Rating Area 1	No Preference	55 445.13
	38949PA0050003	Rating Area 1	No Preference	56 465.69
	38949PA0050003	Rating Area 1	No Preference	57 486.45
	38949PA0050003	Rating Area 1	No Preference	58 508.61
	38949PA0050003	Rating Area 1	No Preference	59 519.58
	38949PA0050003	Rating Area 1	No Preference	60 541.74
	38949PA0050003	Rating Area 1	No Preference	61 560.90
	38949PA0050003	Rating Area 1	No Preference	62 573.48
	38949PA0050003	Rating Area 1	No Preference	63 589.25
	38949PA0050003	Rating Area 1	No Preference	64 and over 598.83
	38949PA0050003	Rating Area 2	No Preference	0-14 152.70
	38949PA0050003	Rating Area 2	No Preference	15 166.28
	38949PA0050003	Rating Area 2	No Preference	16 171.46
	38949PA0050003	Rating Area 2	No Preference	17 176.65
	38949PA0050003	Rating Area 2	No Preference	18 182.24
	38949PA0050003	Rating Area 2	No Preference	19 187.83
	38949PA0050003	Rating Area 2	No Preference	20 193.62
	38949PA0050003	Rating Area 2	No Preference	21 199.61
	38949PA0050003	Rating Area 2	No Preference	22 199.61
	38949PA0050003	Rating Area 2	No Preference	23 199.61
	38949PA0050003	Rating Area 2	No Preference	24 199.61
	38949PA0050003	Rating Area 2	No Preference	25 200.41
	38949PA0050003	Rating Area 2	No Preference	26 204.40
	38949PA0050003	Rating Area 2	No Preference	27 209.19
	38949PA0050003	Rating Area 2	No Preference	28 216.98
	38949PA0050003	Rating Area 2	No Preference	29 223.36
	38949PA0050003	Rating Area 2	No Preference	30 226.56
	38949PA0050003	Rating Area 2	No Preference	31 231.35
	38949PA0050003	Rating Area 2	No Preference	32 236.14
	38949PA0050003	Rating Area 2	No Preference	33 239.13
	38949PA0050003	Rating Area 2	No Preference	34 242.33
	38949PA0050003	Rating Area 2	No Preference	35 243.92
	38949PA0050003	Rating Area 2	No Preference	36 245.52
	38949PA0050003	Rating Area 2	No Preference	37 247.12
	38949PA0050003	Rating Area 2	No Preference	38 248.71
	38949PA0050003	Rating Area 2	No Preference	39 251.91
	38949PA0050003	Rating Area 2	No Preference	40 255.10
	38949PA0050003	Rating Area 2	No Preference	41 259.89
	38949PA0050003	Rating Area 2	No Preference	42 264.48
	38949PA0050003	Rating Area 2	No Preference	43 270.87
	38949PA0050003	Rating Area 2	No Preference	44 278.86
	38949PA0050003	Rating Area 2	No Preference	45 288.24
	38949PA0050003	Rating Area 2	No Preference	46 299.42
	38949PA0050003	Rating Area 2	No Preference	47 311.99
	38949PA0050003	Rating Area 2	No Preference	48 326.36
	38949PA0050003	Rating Area 2	No Preference	49 340.53
	38949PA0050003	Rating Area 2	No Preference	50 356.50
	38949PA0050003	Rating Area 2	No Preference	51 372.27
	38949PA0050003	Rating Area 2	No Preference	52 389.64
	38949PA0050003	Rating Area 2	No Preference	53 407.20
	38949PA0050003	Rating Area 2	No Preference	54 426.17

	38949PA0050003	Rating Area 2	No Preference	55	445.13
	38949PA0050003	Rating Area 2	No Preference	56	465.69
	38949PA0050003	Rating Area 2	No Preference	57	486.45
	38949PA0050003	Rating Area 2	No Preference	58	508.61
	38949PA0050003	Rating Area 2	No Preference	59	519.58
	38949PA0050003	Rating Area 2	No Preference	60	541.74
	38949PA0050003	Rating Area 2	No Preference	61	560.90
	38949PA0050003	Rating Area 2	No Preference	62	573.48
	38949PA0050003	Rating Area 2	No Preference	63	589.25
	38949PA0050003	Rating Area 2	No Preference	64 and over	598.83
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	38949PA0050003	Rating Area 4	No Preference	16	171.46
	38949PA0050003	Rating Area 4	No Preference	17	176.65
	38949PA0050003	Rating Area 4	No Preference	18	182.24
	38949PA0050003	Rating Area 4	No Preference	19	187.83
	38949PA0050003	Rating Area 4	No Preference	20	193.62
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	38949PA0050003	Rating Area 4	No Preference	22	199.61
	38949PA0050003	Rating Area 4	No Preference	23	199.61
	38949PA0050003	Rating Area 4	No Preference	24	199.61
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	38949PA0050003	Rating Area 4	No Preference	35	243.92
	38949PA0050003	Rating Area 4	No Preference	36	245.52
	38949PA0050003	Rating Area 4	No Preference	37	247.12
	38949PA0050003	Rating Area 4	No Preference	38	248.71
	38949PA0050003	Rating Area 4	No Preference	39	251.91
	38949PA0050003	Rating Area 4	No Preference	40	255.10
	38949PA0050003	Rating Area 4	No Preference	41	259.89
	38949PA0050003	Rating Area 4	No Preference	42	264.48
	38949PA0050003	Rating Area 4	No Preference	43	270.87
	38949PA0050003	Rating Area 4	No Preference	44	278.86
	38949PA0050003	Rating Area 4	No Preference	45	288.24
	38949PA0050003	Rating Area 4	No Preference	46	299.42
	38949PA0050003	Rating Area 4	No Preference	47	311.99
	38949PA0050003	Rating Area 4	No Preference	48	326.36
	38949PA0050003	Rating Area 4	No Preference	49	340.53
	38949PA0050003	Rating Area 4	No Preference	50	356.50
	38949PA0050003	Rating Area 4	No Preference	51	372.27
	38949PA0050003	Rating Area 4	No Preference	52	389.64
	38949PA0050003	Rating Area 4	No Preference	53	407.20
	38949PA0050003	Rating Area 4	No Preference	54	426.17
	38949PA0050003	Rating Area 4	No Preference	55	445.13
	38949PA0050003	Rating Area 4	No Preference	56	465.69
	38949PA0050003	Rating Area 4	No Preference	57	486.45
	38949PA0050003	Rating Area 4	No Preference	58	508.61
	38949PA0050003	Rating Area 4	No Preference	59	519.58
	38949PA0050003	Rating Area 4	No Preference	60	541.74
	38949PA0050003	Rating Area 4	No Preference	61	560.90
	38949PA0050003	Rating Area 4	No Preference	62	573.48
	38949PA0050003	Rating Area 4	No Preference	63	589.25
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	38949PA0050003	Rating Area 5	No Preference	18	182.24
	38949PA0050003	Rating Area 5	No Preference	19	187.83
	38949PA0050003	Rating Area 5	No Preference	20	193.62
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	38949PA0050003	Rating Area 5	No Preference	36	245.52
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	38949PA0050003	Rating Area 5	No Preference	50	356.50
	38949PA0050003	Rating Area 5	No Preference	51	372.27
	38949PA0050003	Rating Area 5	No Preference	52	389.64
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	38949PA0050003	Rating Area 5	No Preference	54	426.17
	38949PA0050003	Rating Area 5	No Preference	55	445.13
	38949PA0050003	Rating Area 5	No Preference	56	465.69
	38949PA0050003	Rating Area 5	No Preference	57	486.45
	38949PA0050003	Rating Area 5	No Preference	58	508.61
	38949PA0050003	Rating Area 5	No Preference	59	519.58
	38949PA0050003	Rating Area 5	No Preference	60	541.74
	38949PA0050003	Rating Area 5	No Preference	61	560.90
	38949PA0050003	Rating Area 5	No Preference	62	573.48
	38949PA0050003	Rating Area 5	No Preference	63	589.25
	38949PA0050003	Rating Area 5	No Preference	64 and over	598.83

	38949PA0050003	Rating Area 6	No Preference	0-14	163.73
	38949PA0050003	Rating Area 6	No Preference	15	178.28
	38949PA0050003	Rating Area 6	No Preference	16	183.84
	38949PA0050003	Rating Area 6	No Preference	17	189.41
	38949PA0050003	Rating Area 6	No Preference	18	195.40
	38949PA0050003	Rating Area 6	No Preference	19	201.39
	38949PA0050003	Rating Area 6	No Preference	20	207.60
	38949PA0050003	Rating Area 6	No Preference	21	214.02
	38949PA0050003	Rating Area 6	No Preference	22	214.02
	38949PA0050003	Rating Area 6	No Preference	23	214.02
	38949PA0050003	Rating Area 6	No Preference	24	214.02
	38949PA0050003	Rating Area 6	No Preference	25	214.88
	38949PA0050003	Rating Area 6	No Preference	26	219.16
	38949PA0050003	Rating Area 6	No Preference	27	224.29
	38949PA0050003	Rating Area 6	No Preference	28	232.64
	38949PA0050003	Rating Area 6	No Preference	29	239.49
	38949PA0050003	Rating Area 6	No Preference	30	242.91
	38949PA0050003	Rating Area 6	No Preference	31	248.05
	38949PA0050003	Rating Area 6	No Preference	32	253.19
	38949PA0050003	Rating Area 6	No Preference	33	256.40
	38949PA0050003	Rating Area 6	No Preference	34	259.82
	38949PA0050003	Rating Area 6	No Preference	35	261.53
	38949PA0050003	Rating Area 6	No Preference	36	263.24
	38949PA0050003	Rating Area 6	No Preference	37	264.96
	38949PA0050003	Rating Area 6	No Preference	38	266.67
	38949PA0050003	Rating Area 6	No Preference	39	270.09
	38949PA0050003	Rating Area 6	No Preference	40	273.52
	38949PA0050003	Rating Area 6	No Preference	41	278.65
	38949PA0050003	Rating Area 6	No Preference	42	283.58
	38949PA0050003	Rating Area 6	No Preference	43	290.43
	38949PA0050003	Rating Area 6	No Preference	44	298.99
	38949PA0050003	Rating Area 6	No Preference	45	309.04
	38949PA0050003	Rating Area 6	No Preference	46	321.03
	38949PA0050003	Rating Area 6	No Preference	47	334.51
	38949PA0050003	Rating Area 6	No Preference	48	349.92
	38949PA0050003	Rating Area 6	No Preference	49	365.12
	38949PA0050003	Rating Area 6	No Preference	50	382.24
	38949PA0050003	Rating Area 6	No Preference	51	399.15
	38949PA0050003	Rating Area 6	No Preference	52	417.77
	38949PA0050003	Rating Area 6	No Preference	53	436.60
	38949PA0050003	Rating Area 6	No Preference	54	456.93
	38949PA0050003	Rating Area 6	No Preference	55	477.26
	38949PA0050003	Rating Area 6	No Preference	56	499.31
	38949PA0050003	Rating Area 6	No Preference	57	521.57
	38949PA0050003	Rating Area 6	No Preference	58	545.32
	38949PA0050003	Rating Area 6	No Preference	59	557.09
	38949PA0050003	Rating Area 6	No Preference	60	580.85
	38949PA0050003	Rating Area 6	No Preference	61	601.40
	38949PA0050003	Rating Area 6	No Preference	62	614.88
	38949PA0050003	Rating Area 6	No Preference	63	631.79
	38949PA0050003	Rating Area 6	No Preference	64 and over	642.06



2021 Rates Table Template v10.0	All fields with an asterisk ( *) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.			
	If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.			
	If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.			
	If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.			
	To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.			
HIOS Issuer ID*	38949			
Rate Effective Date*	04/01/2021			
Rate Expiration Date*	06/30/2021			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
	38949PA0050003	Rating Area 1	No Preference	0-14156.24
	38949PA0050003	Rating Area 1	No Preference	15170.13
	38949PA0050003	Rating Area 1	No Preference	16175.44
	38949PA0050003	Rating Area 1	No Preference	17180.75
	38949PA0050003	Rating Area 1	No Preference	18186.47
	38949PA0050003	Rating Area 1	No Preference	19192.19
	38949PA0050003	Rating Area 1	No Preference	20198.11
	38949PA0050003	Rating Area 1	No Preference	21204.24
	38949PA0050003	Rating Area 1	No Preference	22204.24
	38949PA0050003	Rating Area 1	No Preference	23204.24
	38949PA0050003	Rating Area 1	No Preference	24204.24
	38949PA0050003	Rating Area 1	No Preference	25205.06
	38949PA0050003	Rating Area 1	No Preference	26209.14
	38949PA0050003	Rating Area 1	No Preference	27214.04
	38949PA0050003	Rating Area 1	No Preference	28222.01
	38949PA0050003	Rating Area 1	No Preference	29228.54
	38949PA0050003	Rating Area 1	No Preference	30231.81
	38949PA0050003	Rating Area 1	No Preference	31236.71
	38949PA0050003	Rating Area 1	No Preference	32241.62
	38949PA0050003	Rating Area 1	No Preference	33244.68
	38949PA0050003	Rating Area 1	No Preference	34247.95
	38949PA0050003	Rating Area 1	No Preference	35249.58
	38949PA0050003	Rating Area 1	No Preference	36251.22
	38949PA0050003	Rating Area 1	No Preference	37252.85
	38949PA0050003	Rating Area 1	No Preference	38254.48
	38949PA0050003	Rating Area 1	No Preference	39257.75
	38949PA0050003	Rating Area 1	No Preference	40261.02
	38949PA0050003	Rating Area 1	No Preference	41265.92
	38949PA0050003	Rating Area 1	No Preference	42270.62
	38949PA0050003	Rating Area 1	No Preference	43277.15
	38949PA0050003	Rating Area 1	No Preference	44285.32
	38949PA0050003	Rating Area 1	No Preference	45294.92
	38949PA0050003	Rating Area 1	No Preference	46306.36
	38949PA0050003	Rating Area 1	No Preference	47319.23
	38949PA0050003	Rating Area 1	No Preference	48333.93
	38949PA0050003	Rating Area 1	No Preference	49348.43
	38949PA0050003	Rating Area 1	No Preference	50364.77
	38949PA0050003	Rating Area 1	No Preference	51380.91
	38949PA0050003	Rating Area 1	No Preference	52398.68
	38949PA0050003	Rating Area 1	No Preference	53416.65
	38949PA0050003	Rating Area 1	No Preference	54436.05
	38949PA0050003	Rating Area 1	No Preference	55455.46
	38949PA0050003	Rating Area 1	No Preference	56476.49
	38949PA0050003	Rating Area 1	No Preference	57497.73
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	38949PA0050003	Rating Area 1	No Preference	59531.64
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	38949PA0050003	Rating Area 1	No Preference	62586.78
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	38949PA0050003	Rating Area 2	No Preference	19192.19
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	38949PA0050003	Rating Area 2	No Preference	25205.06
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	38949PA0050003	Rating Area 2	No Preference	62	586.78
	38949PA0050003	Rating Area 2	No Preference	63	602.92
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	38949PA0050003	Rating Area 6	No Preference	61	615.33
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	38949PA0050003	Rating Area 6	No Preference	63	646.43
	38949PA0050003	Rating Area 6	No Preference	64 and over	656.94

2021 Rates Table Template v10.0	All fields with an asterisk ( *) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.			
	If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.			
	If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.			
	If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.			
	To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.			
HIOS Issuer ID*	38949			
Rate Effective Date*	07/01/2021			
Rate Expiration Date*	09/30/2021			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
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	38949PA0050003	Rating Area 1	No Preference	16179.51
	38949PA0050003	Rating Area 1	No Preference	17184.95
	38949PA0050003	Rating Area 1	No Preference	18190.80
	38949PA0050003	Rating Area 1	No Preference	19196.65
	38949PA0050003	Rating Area 1	No Preference	20202.71
	38949PA0050003	Rating Area 1	No Preference	21208.98
	38949PA0050003	Rating Area 1	No Preference	22208.98
	38949PA0050003	Rating Area 1	No Preference	23208.98
	38949PA0050003	Rating Area 1	No Preference	24208.98
	38949PA0050003	Rating Area 1	No Preference	25209.82
	38949PA0050003	Rating Area 1	No Preference	26214.00
	38949PA0050003	Rating Area 1	No Preference	27219.01
	38949PA0050003	Rating Area 1	No Preference	28227.16
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	38949PA0050003	Rating Area 1	No Preference	30237.19
	38949PA0050003	Rating Area 1	No Preference	31242.21
	38949PA0050003	Rating Area 1	No Preference	32247.22
	38949PA0050003	Rating Area 1	No Preference	33250.36
	38949PA0050003	Rating Area 1	No Preference	34253.70
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	38949PA0050003	Rating Area 1	No Preference	63616.91
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38949PA0050003	Rating Area 4	No Preference	63	616.91	
38949PA0050003	Rating Area 4	No Preference	64 and over	626.94	
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	38949PA0050003	Rating Area 5	No Preference	15	174.08
	38949PA0050003	Rating Area 5	No Preference	16	179.51
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	38949PA0050003	Rating Area 5	No Preference	18	190.80
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	38949PA0050003	Rating Area 6	No Preference	62	643.72
	38949PA0050003	Rating Area 6	No Preference	63	661.43
	38949PA0050003	Rating Area 6	No Preference	64 and over	672.18

2021 Rates Table Template v10.0	All fields with an asterisk ( *) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.			
	If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.			
	If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.			
	If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.			
	To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.			
HIOS Issuer ID*	38949			
Rate Effective Date*	10/01/2021			
Rate Expiration Date*	12/31/2021			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
38949PA0050003	Rating Area 1	No Preference	0-14	163.57
38949PA0050003	Rating Area 1	No Preference	15	178.11
38949PA0050003	Rating Area 1	No Preference	16	183.67
38949PA0050003	Rating Area 1	No Preference	17	189.23
38949PA0050003	Rating Area 1	No Preference	18	195.22
38949PA0050003	Rating Area 1	No Preference	19	201.20
38949PA0050003	Rating Area 1	No Preference	20	207.41
38949PA0050003	Rating Area 1	No Preference	21	213.82
38949PA0050003	Rating Area 1	No Preference	22	213.82
38949PA0050003	Rating Area 1	No Preference	23	213.82
38949PA0050003	Rating Area 1	No Preference	24	213.82
38949PA0050003	Rating Area 1	No Preference	25	214.68
38949PA0050003	Rating Area 1	No Preference	26	218.95
38949PA0050003	Rating Area 1	No Preference	27	224.08
38949PA0050003	Rating Area 1	No Preference	28	232.42
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38949PA0050003	Rating Area 1	No Preference	30	242.69
38949PA0050003	Rating Area 1	No Preference	31	247.82
38949PA0050003	Rating Area 1	No Preference	32	252.95
38949PA0050003	Rating Area 1	No Preference	33	256.16
38949PA0050003	Rating Area 1	No Preference	34	259.58
38949PA0050003	Rating Area 1	No Preference	35	261.29
38949PA0050003	Rating Area 1	No Preference	36	263.00
38949PA0050003	Rating Area 1	No Preference	37	264.71
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38949PA0050003	Rating Area 1	No Preference	57	521.08
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38949PA0050003	Rating Area 1	No Preference	62	614.30
38949PA0050003	Rating Area 1	No Preference	63	631.20
38949PA0050003	Rating Area 1	No Preference	64 and over	641.46
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38949PA0050003	Rating Area 2	No Preference	17	189.23
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38949PA0050003	Rating Area 2	No Preference	38	266.42
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	38949PA0050003	Rating Area 2	No Preference	63	631.20
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	38949PA0050003	Rating Area 6	No Preference	61	644.19
	38949PA0050003	Rating Area 6	No Preference	62	658.64
	38949PA0050003	Rating Area 6	No Preference	63	676.75
	38949PA0050003	Rating Area 6	No Preference	64 and over	687.75

**Highmark Choice Company (HCC)**  
**2021 Small Group Rate Filing**  
**Trend Exhibit**  
**Western, PA Region**

Incurred Month	Members		Normalized Allowed PMPM	12 Month Moving Average PMPM	Annual Trend
Jan-15	16,939	\$	391.68	\$ 391.68	
Feb-15	16,808	\$	374.87	\$ 383.31	
Mar-15	16,756	\$	479.06	\$ 415.08	
Apr-15	16,227	\$	414.15	\$ 414.85	
May-15	16,030	\$	386.32	\$ 409.32	
Jun-15	16,138	\$	408.45	\$ 409.18	
Jul-15	16,541	\$	435.52	\$ 412.96	
Aug-15	16,615	\$	393.16	\$ 410.47	
Sep-15	16,720	\$	469.25	\$ 417.07	
Oct-15	16,985	\$	441.20	\$ 419.54	
Nov-15	17,203	\$	424.03	\$ 419.97	
Dec-15	18,252	\$	447.15	\$ 422.43	
Jan-16	17,720	\$	411.10	\$ 424.02	8.3%
Feb-16	17,782	\$	478.90	\$ 432.90	12.9%
Mar-16	17,481	\$	477.13	\$ 432.89	4.3%
Apr-16	16,940	\$	455.34	\$ 436.24	5.2%
May-16	16,715	\$	424.47	\$ 439.19	7.3%
Jun-16	16,674	\$	438.65	\$ 441.55	7.9%
Jul-16	16,417	\$	429.81	\$ 441.10	6.8%
Aug-16	16,243	\$	463.36	\$ 446.75	8.8%
Sep-16	16,199	\$	472.00	\$ 446.91	7.2%
Oct-16	16,025	\$	448.71	\$ 447.53	6.7%
Nov-16	15,945	\$	472.83	\$ 451.52	7.5%
Dec-16	13,952	\$	459.38	\$ 452.47	7.1%
Jan-17	14,078	\$	498.65	\$ 459.59	8.4%
Feb-17	14,002	\$	461.93	\$ 457.96	5.8%
Mar-17	13,884	\$	505.68	\$ 459.71	6.2%
Apr-17	13,750	\$	466.58	\$ 460.62	5.6%
May-17	13,537	\$	542.81	\$ 470.12	7.0%
Jun-17	13,524	\$	589.53	\$ 482.17	9.2%
Jul-17	13,355	\$	496.63	\$ 488.21	10.7%
Aug-17	13,379	\$	496.62	\$ 491.22	10.0%
Sep-17	13,235	\$	498.71	\$ 493.65	10.5%
Oct-17	13,211	\$	569.14	\$ 504.00	12.6%
Nov-17	13,196	\$	513.49	\$ 507.82	12.5%
Dec-17	12,923	\$	501.91	\$ 511.52	13.0%
Jan-18	13,246	\$	888.26	\$ 543.59	18.3%
Feb-18	13,317	\$	468.77	\$ 544.51	18.9%
Mar-18	13,304	\$	586.92	\$ 551.40	19.9%
Apr-18	13,235	\$	543.59	\$ 558.07	21.2%
May-18	13,562	\$	508.76	\$ 555.17	18.1%
Jun-18	13,604	\$	570.23	\$ 553.54	14.8%
Jul-18	13,599	\$	532.85	\$ 556.54	14.0%
Aug-18	13,622	\$	591.69	\$ 564.54	14.9%
Sep-18	13,541	\$	498.59	\$ 564.40	14.3%
Oct-18	13,754	\$	541.62	\$ 562.06	11.5%
Nov-18	13,712	\$	557.33	\$ 565.63	11.4%
Dec-18	13,819	\$	507.08	\$ 565.72	10.6%
Jan-19	12,487	\$	575.62	\$ 540.04	-0.7%
Feb-19	12,238	\$	582.26	\$ 549.18	0.9%
Mar-19	12,081	\$	506.05	\$ 542.75	-1.6%
Apr-19	11,682	\$	598.74	\$ 546.83	-2.0%
May-19	11,425	\$	576.14	\$ 552.30	-0.5%
Jun-19	11,268	\$	550.47	\$ 550.57	-0.5%
Jul-19	10,942	\$	508.24	\$ 549.10	-1.3%
Aug-19	10,854	\$	537.14	\$ 544.29	-3.6%
Sep-19	10,653	\$	493.07	\$ 544.80	-3.5%
Oct-19	10,453	\$	543.59	\$ 545.02	-3.0%
Nov-19	10,404	\$	534.76	\$ 543.02	-4.0%
Dec-19	10,404	\$	571.26	\$ 548.88	-3.0%
Jan-20	10,404	\$	622.19	\$ 552.11	2.2%
Feb-20	10,404	\$	595.28	\$ 552.73	0.6%
Mar-20	10,404	\$	660.11	\$ 565.73	4.2%
Apr-20	10,404	\$	631.20	\$ 568.04	3.9%
May-20	10,404	\$	583.44	\$ 568.57	2.9%
Jun-20	10,404	\$	637.37	\$ 575.86	4.6%
Jul-20	10,404	\$	669.65	\$ 589.52	7.4%
Aug-20	10,404	\$	599.18	\$ 594.87	9.3%
Sep-20	10,404	\$	653.34	\$ 608.42	11.7%
Oct-20	10,404	\$	643.24	\$ 616.75	13.2%
Nov-20	10,404	\$	628.13	\$ 624.53	15.0%
Dec-20	10,404	\$	655.78	\$ 631.57	15.1%
Jan-21	10,404	\$	606.37	\$ 630.26	14.2%
Feb-21	10,404	\$	606.77	\$ 631.21	14.2%
Mar-21	10,404	\$	703.60	\$ 634.84	12.2%
Apr-21	10,404	\$	650.80	\$ 636.47	12.0%
May-21	10,404	\$	607.65	\$ 638.49	12.3%
Jun-21	10,404	\$	657.26	\$ 640.15	11.2%
Jul-21	10,404	\$	675.07	\$ 640.60	8.7%
Aug-21	10,404	\$	644.48	\$ 644.37	8.3%
Sep-21	10,404	\$	681.50	\$ 646.72	6.3%
Oct-21	10,404	\$	652.24	\$ 647.47	5.0%
Nov-21	10,404	\$	681.05	\$ 651.88	4.4%
Dec-21	10,404	\$	666.82	\$ 652.80	3.4%

Proposed Annual Trend (Cost & Utilization) **9.6%**

**Highmark Choice Company (HCC)**  
**2021 Small Group Rate Filing**  
**Derivation of Change in Morbidity, Demographics, Benefits, and Average Network Factor**

<u>Change in Morbidity Calculation</u>	<u>Reference</u>	<u>Formula</u>	<u>Calculation</u>
2019 Allowed Claims for those Members Expected to be Effective in 2021 [(Western region)]	(1)		\$ 366.80
Calendar year 2019 allowed claims PMPM [(Western region)]	(2)		\$ 461.83
COVID-19 Load	(3)		1.019
<b>Change in Morbidity</b>	<b>(4)</b>	<b>= (1)*(3)/(2)</b>	<b>0.809</b>

<u>Change in Demographics Calculation</u>	<u>Reference</u>	<u>Formula</u>	<u>Calculation</u>
2021 Age Factor for Members Expected to be Effective in 2021	(1)		1.521
2021 Area Factor for Members Expected to be Effective in 2021	(2)		0.971
Calendar Year 2019 Age Factor [Western Region]	(3)		1.506
Calendar Year 2019 Area Factor [Western Region]	(4)		0.970
<b>Change in Demographics</b>	<b>(5)</b>	<b>= [(1)*(2)]/[(3)*(4)]</b>	<b>1.010</b>

<u>Change in Benefits Calculation</u>		<u>Before Network Factor Applied</u>	
Total Adjusted Projected Allowed EHB Claims PMPM (Before Change in Benefits)	\$ 407.42		
EHB - Pediatric Benefits	\$ 0.65	\$ 0.65	
Change in Pharmacy Rebates	\$ (33.58)	\$ (33.58)	
Total Adjusted Projected Allowed EHB Claims PMPM (After Change in Benefits)	\$ 374.49		
<b>Change in Benefits</b>	<b>0.919</b>		

<u>Average Network Factor Calculation</u>		<u>Formula</u>			<u>Calculation</u>	Normalized Provider Network Factor
		<b>= Sumproduct [(3),(4),(5)] / Sumproduct[(3), (4)]</b>			<b>1.000</b>	
Plan ID (1)	Metal Level (2)	Metal Level Benefit Richness (3)	% of Projected Membership (4)	Network Factor (5)		
38949PA0050003	Bronze	1.02	100.00%	1.00		1.000

**Highmark Choice Company (HCC)**  
**2021 Small Group Filing**  
**Paid-to-Allowed Ratio in the Projection Period**

Sum of Projected Claims by Plan \$ 41,214 \$ 27,957  
 Calculated Paid to Allowed Ratio 67.83%

Plan ID	Metal Level	Projected Member Months	Projected Allowed Claims URRT Wkst II	Projected Paid Claims URRT Wkst II
38949PA0050003	Bronze	9	\$ 41,214	\$ 27,957

**Highmark Choice Company (HCC)**  
**2021 Small Group Filing**  
**Induced Utilization Exhibit**

Plan ID (1)	Metal Level (2)	Projected Membership (3)	Projected Allowed Claims (4)	Projected Paid Claims (5)	Paid-To- Allowed Factor (6)	AV & Cost Sharing Factor (7)	(7)/(6) (8)
38949PA0050003	Bronze	9	41,214	27,957	0.6783	0.6783	1.0000

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**Highmark Choice Company (HCC)**  
**2021 Small Group Filing**  
**Derivation of the Age, Geographic, and Tobacco Calibration Factors**

**Age Factor**

Type	Average Age Factor	% of Members	Allowed
Current ACA Book - EOY 2019	1.521	66.9%	\$528.94
Movement to ACA Book (from Transitional and New Business)	1.522	33.1%	\$533.27
<b>Overall</b>	<b>1.521</b>	<b>100.0%</b>	

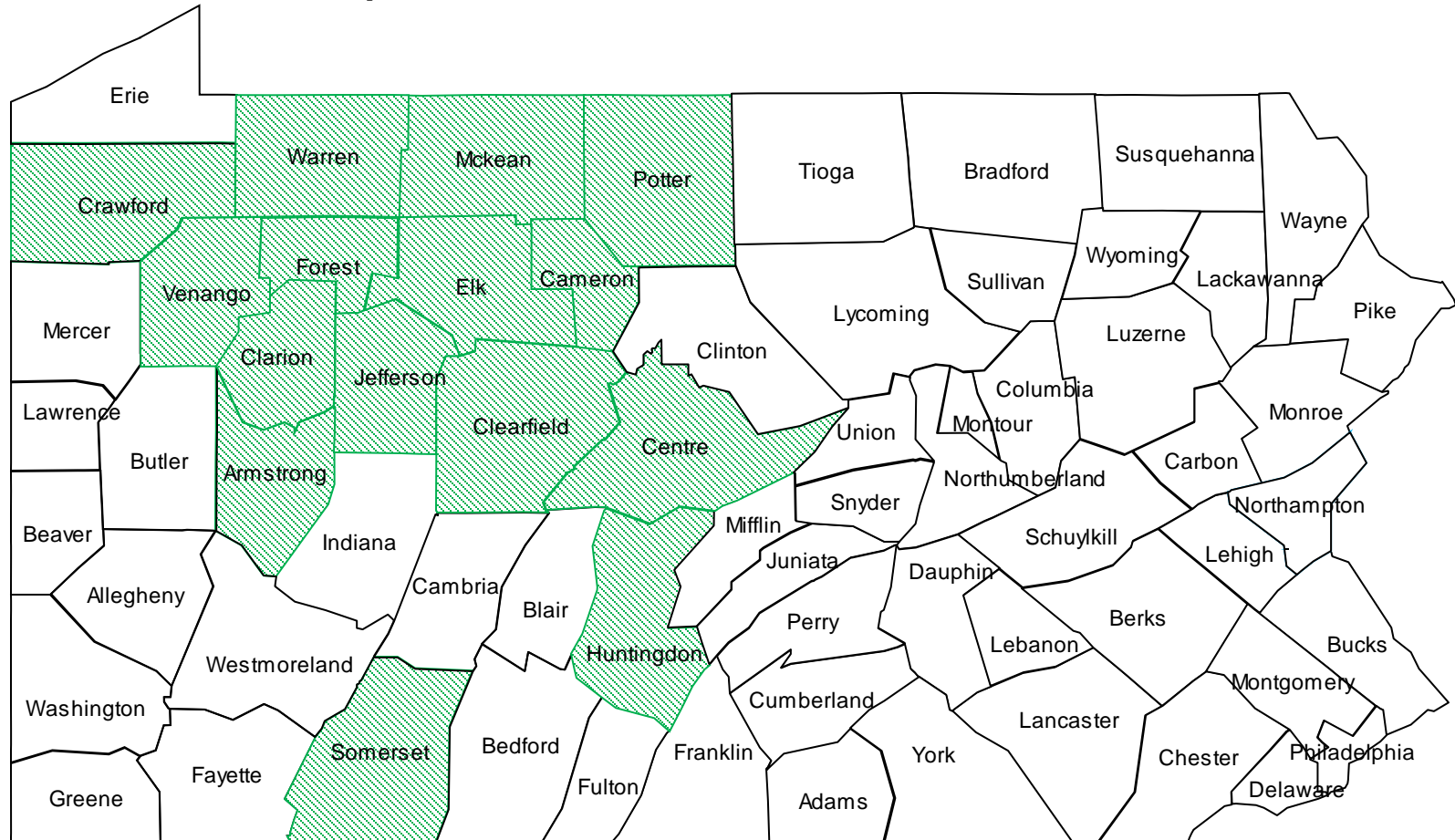
Child Capping Adjustment	1.005
Average Age Factor	1.514
Geographic Factor	0.971
Tobacco Surcharge (Not Applicable)	1.000

Area Factors					
State	County Code	County	Rating Area	Area Factor	% of Western PA Membership
PA	003	Allegheny	R-PA004	0.97	42.57%
PA	005	Armstrong	R-PA004	0.97	1.26%
PA	007	Beaver	R-PA004	0.97	2.81%
PA	009	Bedford	R-PA005	0.97	1.26%
PA	013	Blair	R-PA005	0.97	3.96%
PA	019	Butler	R-PA004	0.97	5.73%
PA	021	Cambria	R-PA005	0.97	3.57%
PA	023	Cameron	R-PA002	0.97	0.05%
PA	027	Centre	R-PA006	1.04	0.81%
PA	031	Clarion	R-PA001	0.97	1.12%
PA	033	Clearfield	R-PA005	0.97	2.84%
PA	039	Crawford	R-PA001	0.97	5.65%
PA	047	Elk	R-PA002	0.97	2.33%
PA	049	Erie	R-PA001	0.97	12.91%
PA	051	Fayette	R-PA004	0.97	2.31%
PA	053	Forest	R-PA001	0.97	0.23%
PA	059	Greene	R-PA004	0.97	0.64%
PA	061	Huntingdon	R-PA005	0.97	0.19%
PA	063	Indiana	R-PA004	0.97	0.78%
PA	065	Jefferson	R-PA005	0.97	0.24%
PA	073	Lawrence	R-PA004	0.97	0.94%
PA	083	McKean	R-PA001	0.97	0.41%
PA	085	Mercer	R-PA001	0.97	1.17%
PA	105	Potter	R-PA002	0.97	0.17%
PA	111	Somerset	R-PA005	0.97	0.42%
PA	121	Venango	R-PA001	0.97	0.50%
PA	123	Warren	R-PA001	0.97	0.52%
PA	125	Washington	R-PA004	0.97	2.19%
PA	129	Westmoreland	R-PA004	0.97	2.43%

# **2020 Service Area**


**Issuer: Highmark Choice Company**

**Market: Small Group**



**Key** *(modify as needed)*

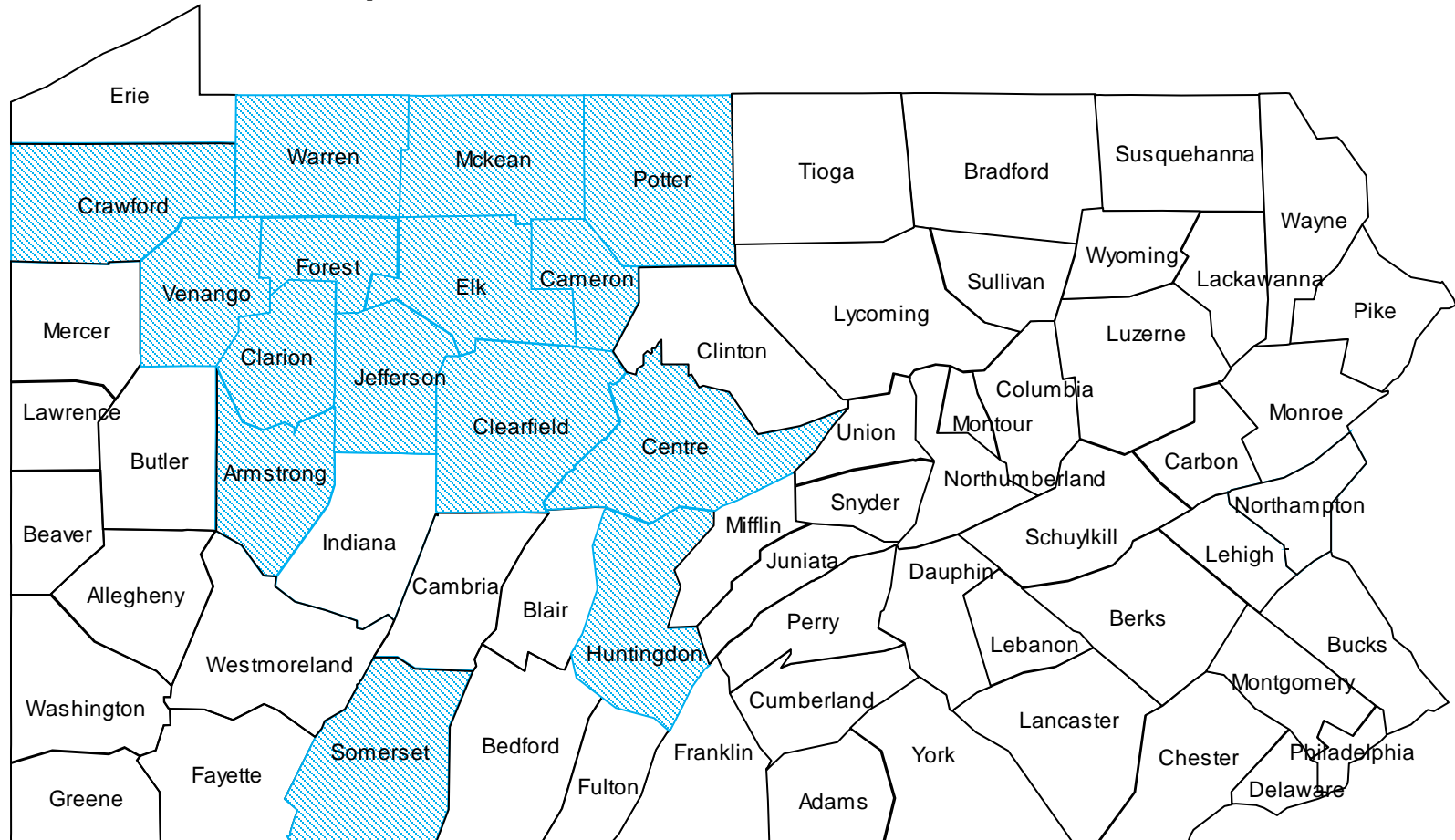
 : 2020 on-exchange service area

 : 2020 off-exchange only service area

# **2021 Service Area**


**Issuer: Highmark Choice Company**

**Market: Small Group**



**Key** *(modify as needed)*

 : 2021 on-exchange service area

 : 2021 off-exchange only service area



## Highmark Choice Company's Response to Objection Letter Dated 06/16/2020

**Product Name:** HCC Small Group 2021 ACA Rate Filing

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**RE: HCC – 2021 Small Group ACA Compliant Plans (1A-SG-HCC-2020);**

**Pennsylvania Insurance Department ID #: HGHM-132381009**

**Objection Letter Status: Pending Industry Response**

**Objection Letter Date: 06/16/2020**

**Respond By Date: 06/23/2020**

**Response Date: 06/23/2019**

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Below please find our responses to the Highmark Choice Company (HCC, "Company") Small Group 2021 ACA Rate Filing Objection Letter dated 06/16/2020. For convenience, the questions have been reproduced below, with our responses immediately following each question.

A supplemental exhibits file has been submitted along with this response. Please see the file named "PID Response Exhibits HCC 06232020.xlsx," which contains additional exhibits and supplemental detail, as referenced in the below responses.

1. There is no calculated rate increase for this filing since there are no mapped members. Since the 2021 plan offered is the same plan offered in 2020 and any enrolment would have to be in this plan, please explain why the rate increase in cell AC18 is not the filing rate increase.

**Response:**

This company is only offering one plan in 2021, and it doesn't have any enrollment in 2020. We assume that the membership from the discontinued plans will not move into the remaining plan because the plan offered in 2021 is not offered in the county where the current membership resides. Thus, there is no mapped membership to calculate an average rate change off of in cell AC18.

2. The Rate Review Detail of the Company Information tab under the Rate/Rule Schedule Tab indicates there are 5 covered lives; however, the cover letter and other filing documents shows 32 covered lives. Please update to make all filing documents consistent. Please update Table 10, column V as necessary.

**Response:**

There are 32 covered lives in this company currently, and the Rate Review Detail has been updated to reflect this. There is still no enrollment in Table 10, column V for the reason described in response to your first objection.

3. In the Federal Actuarial Memorandum, you indicate that the date used for Current Enrollment and Premium is February 29. Please explain why the PA Current Enrollment date of February 1, 2020 was not used in the Federal Memo for consistency.

**Response:**

Our enrollment database assigns enrollment if a member was active at the end of the month, so we provided membership and premium as of February 29<sup>th</sup>.

4. In worksheet 2 of the URRT, please explain how there is current enrolment but no reported current premium.

**Response:**

The current premium is in row 2.8 of the URRT. We use the mapped membership to calculate the current premium PMPM in row 2.11, since that is what is used to calculate the average rate change. Since there is not mapped membership, there is no current premium, and there is no average rate change.

5. In Table 2, please update the risk adjustment amount to reflect the risk adjustment transfer of - \$5,557,986 shared by the Department on May 23, 2020 from Jim Lavery.

**Response:**

The experience period risk adjustment amount in Table 2 has been updated to reflect the PA Insurance Department's calculation of 2019 risk adjustment transfer amounts using the 5/14/2020 RATEE files. Please note that, to align with the regional Western Pennsylvania data included in the manual data, the regional Western Pennsylvania risk adjustment value of \$2,641,909 was included in Table 2b.

6. Please reconcile the experience period incurred claims in the worksheet 1 (cell E16) of the URRT and the sum of the incurred claims, Rx rebates and capitation amounts shown in Table 2 of the PAAM exhibits.

**Response:**

The development of these reported claims numbers run parallel to each other in our internal models and do not tie out exactly due to some rounding limitations in Microsoft Excel through linked workbooks. Ideally these numbers would match perfectly, however, these claims totals are for reporting purposes only and are not rate impacting, so we believe that the difference of 0.007% is reasonable. These claims numbers are both sourced from the same data warehouse, and we are confident that they are reflective of the actual claims experience.

7. Please reconcile the Trended EHB Allowed claims in cell H30 of worksheet 1 of the URRT and cell C13 of Table 5 of the PAAM exhibits.

**Response:**

These values are different because the PID guidance asks us to include the change in induced demand in the trend in cell C12 of Table 5, however, the for the URRT, the change in induced demand goes in the “Plan Design Changes” bucket in cell F34 of worksheet 1.

8. The data reported in worksheet 1 of the URRT Cells F32 – F35 should be for the filing entity. The impact of the manual data should be reflected in cell F38. Please update or explain.

**Response:**

Since this entity is deemed to have no credibility, the impact of the manual data is in cells F32 to F35 to more clearly demonstrate how we believe the manual data relates to the claim experience observed in HCC.

9. The following questions relate to the trend assumption:

- a. Please provide a detailed quantitative exhibit displaying the development of the induced utilization assumption that is included in the trend assumptions and shown in Table 3 of the Pennsylvania Rate Template file.
- b. Please explain why the Company believes the current trend assumption is appropriate when the average normalized allowed PMPM shown in the “2021 Supplemental Exhibits” file appears to have increased at an annual rate of approximately 3.6% from 2017 to 2019. Specifically, please clearly state and demonstrate quantitatively why the projected trend rate from 2019 to

2021 is expected to be higher than that which was observed from 2017 to 2019, identifying specific drivers and their impact on the assumed difference.

**Response:**

- a) Please see the worksheet labeled “Q#9a” in the “PID Response Exhibits HCC 06232020.xlsx” file included with this response for the above requested results.
- b) The claims trend in 2019 was artificially low due to claimants with high claims that incurred claims in 2018, then left coverage in 2019. That, combined with claims being unexpectedly high in 2017, results in an artificially dampened 2 year average trend from 2017-2019. Based on the provided trend support, the 4 year average trend from 2015-2019 is 6.8%, which is closer to the 9.6% filed trend. There is also expected increase in cost due to more expensive drug treatments and new technologies.

10. The following questions pertain to the morbidity adjustment shown in Table 5 of the Pennsylvania Rate Template file:

- a. Please provide a detailed quantitative exhibit and narrative providing support for the following assertions discussed in Section 2A of the Pennsylvania Actuarial Memorandum:
  - i. That the Company will experience a drop in enrollment from 2019 to 2021.
  - ii. That the Company will lose some of the better risk groups from 2019 to 2021.
  - iii. That any new groups insured by 2021 will be of higher morbidity.

**Response:**

Highmark Choice Company is expected to lose membership because most of the plans offered in this company are being terminated, and this company is no longer offering plans in Erie County, where it has seen most of its membership come from.

The Company is expecting about a 49.3% increase in morbidity from the experience period to the projection period primarily due to the transitional business that is included in the Company's single risk pool.

- b. Please confirm that the morbidity adjustment shown in Table 5 of the PA Rate Template file is correct and the morbidity adjustment discussed in Section 2A of the Pennsylvania Actuarial Memorandum is incorrect.

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#10”.

c. Please provide a quantitative exhibit displaying average calendar year 2019 member months, allowed cost PMPM, average demographic factor, average geographic factor, and average network factor associated with transitional and ACA groups insured through the Company in Pennsylvania, separately.

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#10”.

d. Please provide a detailed quantitative exhibit displaying the development of the 2019 allowed claims PMPM for members expected to be effective in 2021, as shown in the “2021 Supplemental Exhibits” file. In providing your response, please provide a detailed explanation of the process the Company utilized to determine which members from 2019 are expected to be effective in 2021 and identify the specific quantitative impact of each of the items listed in 2(a).

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#10”.

To develop our value for 2019 allowed claims for the members expected to be active in 2021, we blend 3 different types of business together. The first category consists of all of the groups that were active in Highmark’s Western Pennsylvania off-exchange ACA policies as of the end of 2019. We apply a lapse rate to this cohort’s membership that is estimated by our Sales and Finance departments. The second category consists of the expected value of the 2019 experience for groups that currently have Highmark transitional coverage but will move into our ACA block at their 2020 or 2021 renewals. This expected value is calculated by assigning each group a probability of moving based on their prospective risk level as of December 2019 and then taking the probability weighted average of their member months, claim experience, and demographic experience. The probabilities are estimated using historical Transitional to ACA lapse rates for each risk level. The third category is for business that Highmark is expected to

gain throughout 2020 and 2021. For this company, we expect that the new business will have the same allowed claim levels and demographics as the business that Highmark has in its ACA block at the end of 2019. The membership in this category is estimated by our Sales and Finance departments.

In the attached file, you will find the average calendar year 2019 member months, allowed cost PMPM, average demographic factor, average geographic factor, and average network factor, for each of these three groups of business, as requested, as well as the block of business that we use as base experience for our rate development.

e. Please demonstrate that the Company has normalized for demographics, geography, network differences, etc. in developing the morbidity adjustment such that the Company is not double adjusting by applying separate demographic, geographic, network, etc. adjustments in addition to the morbidity adjustment.

**Response:**

As demonstrated in the attached Excel sheet, we normalize the claims from each group with their corresponding network, pricing, and induced demand factors, so that we do not double count those effects.

f. To the extent that the morbidity adjustment reflects anticipated changes in morbidity of the Company's internal small group book of business rather than changes in the morbidity of the overall Pennsylvania small group market, please explain how the morbidity adjustment was considered in the development of the Company's projected 2021 risk transfer assumption.

**Response:**

Since the Company utilizes combined regional experience in its claims development, we use a similar regional basis for the development of the risk adjustment transfer assumption. Thus the morbidity basis in the 2021 risk adjustment transfer assumption is consistent with the morbidity in the projected claims development.

11. Please provide an exhibit displaying the distribution of member months by age (i.e., 0, 1, ..., 63, 64+) for both the actual calendar year 2019 members underlying the experience period and the projected calendar year 2021 population.

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#11”.

Membership distribution is not assumed to change from 2019 to 2021.

12. Please provide an exhibit displaying the distribution of member months by rating region for the actual calendar year 2019 members underlying the experience period.

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#12”.

13. Please provide a detailed quantitative exhibit displaying the development of the projected 2021 risk transfer assumption. In providing your response, please include the following information:

- a. The Company’s actual 2019 PLRS, ARF, IU, and GCF factors for 2019.
- b. The Company’s projected 2021 PLRS, ARF, IU, and GCF factors for 2021. Please provide justification to the extent the projected 2021 factors are different than the 2019 factors.
- c. Pennsylvania projected state average premium PMPM (prior to the application of the 0.86 adjustment), PLRS, ARF, IU, and GCF for the small group market for 2021.
- d. Please provide a comparison of the Company’s expected 2019 risk adjustment transfer amount to its projected 2021 risk adjustment transfer amount and, to the extent they are different, identify the primary driver(s) of the observed difference.

**Response:**

[Redacted]

14. Regarding Table 6:

- a. Using the proposed commission schedules, quantitatively show the development of the percent and pmpm amounts in cells C51 and D51.
- b. Using the 2019 SHCE in the Annual Statement, please quantitatively show the development of the Quality Improvement Initiatives percent and pmpm amount.

**Response:**

a) [Redacted]

b) The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#14b”.

15. Table 9, cell J71 is not populated. Please input the 2020 value as approved in 2020 rate filing.

**Response:**

Please see the file, “2021\_SmGrp\_HCC\_PAAMExhibits\_061520.xlsm”, for an updated Table 9 that is appropriately populated.

16. For the expanded Bronze plans, please demonstrate that the copay is less than or equal to 50% coinsurance for that category.

**Response:**

[Redacted]

17. Per the Department’s published guidance, the Benefit Richness factors in Table 10 Column L should be developed based upon the following formula:  $(\text{Plan Pricing AV in column K} * \text{CSR Defunding Adjustment in column P})^2 - (\text{Plan Pricing AV in column K} * \text{CSR Defunding Adjustment in column P}) + 1.24$ . Further, the value developed by the quadratic formula must then be multiplied by a normalization constant such that the value in Cell L15 or L16 balances back to 1.000. Please modify the cells in Column L to explicitly show the quadratic formula and normalizing constant to demonstrate compliance with our guidance.

**Response:**

Updating the induced demand factor in Table 10 to  $\text{Plan Pricing AV}^2 - \text{Plan Pricing AV} + 1.24 / \text{average benefit richness}$  created a circular reference for this entity. Given that there is only 1 plan, the normalized benefit richness factor in table 10 would be 1.

18. Please provide an exhibit showing the average quarterly rate change (Q1 2021/Q1 2020 - approved, Q2 2021/ Q2 2020 - approved, etc.) groups will see if the proposed rates are approved.



**Response:**

The year over year change in the plan level base rates has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#15”.

19. Please provide by service category the emerging claims data for this policy for the calendar year year-to-date as of end of May and discuss how this data may impact the resulting trend.

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#19”. Please note that these are not normalized. The emerging 2020 claims data has seen many disruptions due to the emergence of COVID-19, while the impact from COVID-19 would not have impacted the 2019 experience period claims data. Thus since the PID has required that our initial rate filing exclude the impact of COVID-19, we are comfortable using our initially developed trend assumptions to project 2021 experience.

20. Please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost pmpms for calendar years 2015 – 2019, as applicable.

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#20”. Please note that HCC is not credible.

21. Please provide an exhibit showing the financial gains and losses for calendar years 2014 – 2019 for the following categories: Member months, total administrative expenses, total incurred claims, total premium, total actual paid taxes and fees, profit, annual underwriting gain/loss and underwriting gain/loss pmpy.

**Response:**

The requested exhibit has been included in the “PID Response Exhibits HCC 06232020.xlsx” file included in this response in a worksheet labeled “Q#21”.

22. The Department will contact the company shortly with information regarding the opportunity and parameters for the company to provide and support an updated Covid-19 impact assessment, if desired.

**Response:**

The Company looks forward to receiving the COVID-19 impact assessment from the Department.

CONFIDENTIAL

# Highmark Choice Company, Inc

## 2021 Small Group Rate Filing

Question #9a - Change in Induced Demand

<b><u>Change in Induced Demand Calculation</u></b>	<b><u>Reference</u></b>	<b><u>Formula</u></b>	<b><u>Result</u></b>
2021 Average Benefit Richness Factor	(1)		1.0218
2019 Average Benefit Richness Factor	(2)		1.1383
<b>Change in Induced Demand</b>	<b>(3)</b>	<b><math>= ((2)/(1))^{.5}-1</math></b>	<b>-5.25%</b>

**Highmark Choice Company**  
**2021 Small Group Rate Filing**  
**Derivation of Change in Morbidity**

Change in Morbidity Calculation	Reference	Formula	Calculation	
2019 Allowed Claims for those Members Expected to be Effective in 2021 (HCC ACA only, Western region)	(1)		\$ 366.80	*Note that these claims imply the same Network, Age, Area, and Induced Demand Characteristics as the Total Highmark WPA block *From 'Y Data', cell M37
Calendar year 2019 allowed claims PMPM (HCC ACA + GML, Western region)	(2)		\$ 294.95	
Change in Morbidity	(3)	=(1)/(2)	1.244	
<b>CY 2019 Experience for all of Highmark's WPA Small Group ACA and Transitional business</b>				
2019 Member Months			514,805	
2021 Expected Member Months		N/A		
Percentage of Membership in 2021			0.0%	
2019 Completed Allowed SPMPM			\$478.40	
2019 Age Factor			1.506	
2019 Area Factor			0.970	
2019 Induced Utilization Factor			1.138	
2019 Network Factor			0.981	
<b>CY 2019 Experience for those in Highmark's WPA ACA block at the end of the year</b>				
2019 Member Months			106,929	
2021 Expected Member Months, Post Lapse			74,086	
Percentage of Membership in 2021			66.9%	
2019 Completed Allowed SPMPM			\$539.02	
2019 Age Factor			1.521	
2019 Area Factor			0.971	
2019 Induced Utilization Factor			1.131	
2019 Network Factor			0.958	
<b>CY 2019 Experience for Transitional business expected to move to the ACA by 2021</b>				
2019 Member Months			773	
2021 Expected Member Months			775	
Percentage of Membership in 2021			0.7%	
2019 Completed Allowed SPMPM			\$733.53	
2019 Age Factor			1.550	
2019 Area Factor			0.970	
2019 Induced Utilization Factor			1.145	
2019 Network Factor			0.992	
<b>Assumed CY 2019 Experience for business that will be new to Highmark in 2020 and 2021. (Same as current block)</b>				
2019 Member Months			-	
2021 Expected Member Months			35,856	
Percentage of Membership in 2021			32.4%	
2019 Completed Allowed SPMPM			\$ 539.02	
2019 Age Factor			1.521	
2019 Area Factor			0.971	
2019 Induced Utilization Factor			1.131	
2019 Network Factor			0.958	
<b>Total 2019 Experience for those expected to be active in 2021</b>				
2019 Member Months			107,702	
2021 Expected Member Months			110,716	
Percentage of Membership in 2021			100.0%	
2019 Completed Allowed SPMPM			\$ 540.38	
2019 Age Factor			1.521	
2019 Area Factor			0.971	
2019 Induced Utilization Factor			1.131	
2019 Network Factor			0.958	
<b>Factor to adjust the morbidity level from the total western PA block to the expected morbidity in HCC's average ACA block in 2021</b>				
			0.794	
Base allowed claims PMPM for Transitional and ACA business in 2021, rebate adjusted, excluding capitations			\$ 461.83	*Capitations are excluded here, as we add the full amount of the capitation in at the change in benefits line.
2019 allowed claims PMPM for HCC ACA business in 2021			\$ 366.80	

Highmark Choice Company, Inc  
2021 Small Group Rate Filing

Question #11

Experience Period Member Months by Age															
Rating Age	0-14	15	16	17	18	19	20	21	22	23	24	25	26	27	
Member Months		4	12	6	6	6	0	6	17	18	0	0	2	0	15

28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	
	2	17	0	1	2	21	16	0	0	1	0	12	0	33	5	0	9	5

46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65+	
	0	12	20	22	11	7	12	36	42	33	12	32	12	12	12	21	0	0	27	27

Highmark Choice Company, Inc  
2021 Small Group Rate Filing  
Question #12

Rating Area	Members
Rating Area 1	25

2020 Number of Covered Lives by Rating				
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange
8949PA005000	One HMO	HMO	Bronze	Off

RATING AREA 1							
0	0	25	0	0	0	0	0
Crawford	Clarion	Erie	Forest	Mckean	Mercer	Venango	Warren
\$204.20	\$204.20		\$204.20	\$204.20		\$204.20	\$204.20



# Highmark Choice C

## 2021 Small Group Rate Filing

Question #14b - Change in I

Category	2019 SHCE
Member Months	134,575
Adjusted Premium Earned (Line 1.8)	\$71,557,061
Total Incurred Claims (Line 5.0)	\$58,018,862
Improving HC Quality Expenses (Line 6.6)	\$445,369
Claim Adjustment Expenses (Line 8.3)	\$1,311,173
General and Admin Expense (Line 10.5)	\$6,619,889
Total Expenses	\$8,376,431
Improving HC Quality Expenses	5.3%
Claim Adjustment Expenses	15.7%
General and Admin Expense	79.0%
Total Expenses	100.0%
Quality Improvement as PMPM	\$3.3
Quality Improvement as % of Premium	0.62%

Highmark Choice Company, Inc  
2021 Small Group Rate Filing

Question #18

		Q1			Q2		
HIOS ID	Plan Name	2021 Plan Level Base Rate	2020 Plan Level Base Rate	Increase	2021 Plan Level Base Rate	2020 Plan Level Base Rate	Increase
38949PA0050003	Keystone HMO \$7000	\$ 202.50	\$ 194.17	4.3%	\$ 207.20	\$ 198.17	4.6%

Q3			Q4		
2021 Plan Level Base Rate	2020 Plan Level Base Rate	Increase	2021 Plan Level Base Rate	2020 Plan Level Base Rate	Increase
\$ 212.00	\$ 202.25	4.8%	\$ 216.92	\$ 206.42	5.1%

**Highmark Choice Company, Inc**  
**2021 Small Group Rate Filing**

Question #19

Service Category	Paid Claims*
Inpatient Hospital	\$85.71
Outpatient Hospital	\$51.31
Professional	\$109.51
Prescription Drug	\$64.23
Other Medical	\$10.29
Total	\$321.06

\*These are paid, completed claims from January 2020 - May 2020 and include drug rebates

## Highmark Choice Company, Inc

### 2021 Small Group Rate Filing

Question #9a - Change in Induced Demand

Year	Projected Claims*	Actual Claims**
2016	\$591.93	\$417.36
2017	\$582.27	\$388.81
2018	\$557.21	\$521.16
2019	\$318.32	\$233.11

\*Projected Claims are the incurred claims from URRT Worksheet I prior to risk reimbursement programs

\*\*Actual Claims are calculated as ultimate Incurred Claims + Prescription Drug Rebates in Table 4 from the 2021 filing

**Highmark Choice Company, Inc**  
**2021 Small Group Rate Filing**

Question #21

	2014	2015	2016	2017	2018	2019
Member Months	360	72	61	25	0	482
Premium	\$214,980	-\$2,106	\$30,271	\$14,346	\$297	\$154,912
Incurred Claims	\$91,977	\$51,634	\$8,062	\$5,316	\$45	\$93,411
Admin Expense	\$14,250	\$4,308	\$3,661	\$848	-\$1	\$35,844
Taxes and Fees	\$1,954	\$283	\$158	\$9	\$0	\$163
UW Gain/Loss	\$106,800	(\$58,330)	\$18,390	\$8,174	\$253	\$25,493
UW Gain Loss PMPM	\$296.67	(\$810.14)	\$301.48	\$326.94	#DIV/0!	\$52.89

**Highmark Choice Company (HCC)**  
**2021 Small Group Rate Filing**  
Derivation of Change in Induced Demand

2019 Experience					
Experience Plans	Metal	Member Months	Average Age Factor	Average Area Factor	IDF Factor (2019 estimated under new PID Method)
Transitional Experience	Transitional	381147	1.502157149	0.970200898	1.142272343
79279PA001000300	Gold	2398	1.566997498	0.97	1.170153239
79279PA001000500	Gold	2395	1.563192067	0.97	1.154802097
33709PA064000500	Bronze	332	1.476015663	0.97	1.023771414
33709PA056000900	Platinum	4751	1.459988634	0.97	1.171445827
33709PA056001500	Gold	18058	1.476124931	0.97	1.120965123
33709PA056001900	Gold	10225	1.465259071	0.97	1.109449415
33709PA056000700	Platinum	19399	1.513591113	0.97	1.18806575
33709PA063000200	Gold	493	1.58060852	0.97	1.141382846
79279PA060000100	Gold	1754	1.565383124	0.97	1.120391093
70194PA022000600	Gold	1863	1.723495974	0.97	1.098865054
33709PA045000400	Gold	2598	1.583757506	0.97	1.095890088
79279PA001000100	Platinum	5802	1.583999311	0.97	1.21636616
33709PA063000300	Gold	1424	1.412104635	0.97	1.133444812
79279PA001000700	Gold	1001	1.555045954	0.97	1.136292813
33709PA056001100	Gold	7441	1.489959952	0.97	1.127672985
33709PA056000200	Gold	6444	1.456446617	0.97	1.097788011
33709PA063000400	Gold	1364	1.498942082	0.97	1.128938824
79279PA001000400	Gold	549	1.299774135	0.97	1.154802097
79279PA001000900	Gold	174	1.478925287	0.97	1.117158287
79279PA001001100	Gold	573	1.50805236	0.97	1.11117564
33709PA056001300	Gold	5202	1.56534083	0.97	1.125707805
33709PA044001400	Gold	2489	1.608877059	0.990298103	1.123010086
33709PA056002100	Gold	2326	1.625591144	0.97	1.103255501
33709PA063000500	Gold	892	1.629401345	0.97	1.122702141
33709PA056001700	Gold	2744	1.554626093	0.97	1.116695782
79279PA020000600	Gold	609	1.369298851	0.97	1.098129314
79279PA003000800	Bronze	104	1.727365385	0.97	1.031018258
79279PA001000800	Gold	45	1.77	0.97	1.117158287
33709PA056000200	Gold	5390	1.441704267	0.97	1.088989333
33709PA044000900	Gold	1481	1.622111411	0.97	1.113287074
33709PA063000600	Gold	795	1.637309434	0.97	1.11587095
33709PA064000400	Bronze	846	1.771684397	0.972802298	1.022485694
33709PA057001300	Gold	514	1.742768482	0.97	1.081389455
33709PA064000300	Bronze	925	1.414636757	0.97	1.022485694
79279PA001000200	Platinum	407	1.503714988	0.97	1.21636616
33709PA057000800	Silver	838	1.185120764	0.97	1.050799492
79279PA001000600	Gold	148	1.328905405	0.97	1.136292813
79279PA007000300	Silver	146	1.489232877	1.002606656	1.071447116
33709PA057000900	Silver	819	1.8258779	0.97	1.042698054
79279PA001001600	Gold	82	1.138426829	0.97	1.100231453
33709PA063000800	Gold	727	1.537449794	0.97	1.11624322
33709PA064000200	Silver	587	1.3540477	0.97	1.059659061
33709PA057001200	Gold	2347	1.522395398	0.97	1.073336079
33709PA046000700	Gold	101	1.613564356	0.97	1.113287074
33709PA056003000	Gold	5044	1.619144132	0.97	1.088627913
33709PA064000100	Silver	1065	1.552132394	0.97	1.061088777
33709PA044001500	Gold	1091	1.557790101	0.97	1.08430087
70194PA023000200	Bronze	96	1.5884375	0.97	1.023271058
33709PA063001000	Gold	1480	1.646080405	0.97	1.085623457
33709PA057001100	Gold	1773	1.268730964	0.97	1.076602898
79279PA020000500	Gold	156	1.916217949	0.97	1.095209868
33709PA063001100	Gold	466	1.486253219	0.97	1.077821767
79279PA001001500	Gold	811	1.575303129	0.971075009	1.117158287
79279PA020000700	Gold	189	1.343470899	0.97	1.095400512
33709PA057001000	Silver	1209	1.403800662	0.97	1.03722223
79279PA007000100	Silver	72	2.029	0.97	1.081367955
33709PA046000800	Gold	95	1.295452632	0.97	1.114720936
79279PA001001700	Gold	27	1.120740741	0.97	1.100231453
38949PA013000200	Gold	271	1.598819388	0.97	1.127815541
38949PA013000400	Gold	66	2.570636364	0.97	1.09871042
38949PA013000100	Gold	60	1.727	0.97	1.14173842
38949PA013000500	Gold	56	2.039053571	0.97	1.079048986
38949PA013000600	Gold	26	1.649615385	0.97	1.058783765
38949PA012000200	Bronze	3	2.333	0.97	1.023799287

\*Average of all Transitional Plans ID Factors

Change in Induced Demand Calculation	Reference	Formula	Result
2021 Average Benefit Richness Factor	(1)		1.0218
2019 Average Benefit Richness Factor	(2)		1.1383
Change in Induced Demand	(3)	$= ((2)/(1))^{.5}-1$	-5.25%

\*There is only 1 plan in the projection period, 38949PA0050003, and this is its induced demand factor

# Highmark Choice Company (HCC)

## 2021 Small Group ACA Rate Filing

Question #2b - Trend Support

Incurred Month	Members	Total Normalized Allowed PMPM	12-Month Moving Average PMPM	2-Year Average Annual Trend
Jan-17	14,078	\$ 498.65		
Feb-17	14,002	\$ 461.93		
Mar-17	13,884	\$ 505.68		
Apr-17	13,750	\$ 466.58		
May-17	13,537	\$ 542.81		
Jun-17	13,524	\$ 589.53		
Jul-17	13,355	\$ 496.63		
Aug-17	13,379	\$ 496.62		
Sep-17	13,235	\$ 498.71		
Oct-17	13,211	\$ 569.14		
Nov-17	13,196	\$ 513.49		
Dec-17	12,923	\$ 501.91	\$511.52	
Jan-18	13,246	\$ 888.26		
Feb-18	13,317	\$ 468.77		
Mar-18	13,304	\$ 586.92		
Apr-18	13,235	\$ 543.59		
May-18	13,562	\$ 508.76		
Jun-18	13,604	\$ 570.23		
Jul-18	13,599	\$ 532.85		
Aug-18	13,622	\$ 591.69		
Sep-18	13,541	\$ 498.59		
Oct-18	13,754	\$ 541.62		
Nov-18	13,712	\$ 557.33		
Dec-18	13,819	\$ 507.08	\$565.72	
Jan-19	12,487	\$ 575.62		
Feb-19	12,238	\$ 582.26		
Mar-19	12,081	\$ 506.05		
Apr-19	11,682	\$ 598.74		
May-19	11,425	\$ 576.14		
Jun-19	11,268	\$ 550.47		
Jul-19	10,942	\$ 508.24		
Aug-19	10,854	\$ 537.14		
Sep-19	10,653	\$ 493.07		
Oct-19	10,453	\$ 543.59		
Nov-19	10,404	\$ 534.76		
Dec-19	10,404	\$ 571.26	\$548.88	3.6%
Jan-20	10,404	\$ 622.19		
Feb-20	10,404	\$ 595.28		
Mar-20	10,404	\$ 660.11		
Apr-20	10,404	\$ 631.20		
May-20	10,404	\$ 583.44		
Jun-20	10,404	\$ 637.37		
Jul-20	10,404	\$ 669.65		
Aug-20	10,404	\$ 599.18		
Sep-20	10,404	\$ 653.34		
Oct-20	10,404	\$ 643.24		
Nov-20	10,404	\$ 628.13		
Dec-20	10,404	\$ 655.78	\$631.57	
Jan-21	10,404	\$ 606.37		
Feb-21	10,404	\$ 606.77		
Mar-21	10,404	\$ 703.60		
Apr-21	10,404	\$ 650.80		
May-21	10,404	\$ 607.65		
Jun-21	10,404	\$ 657.26		
Jul-21	10,404	\$ 675.07		
Aug-21	10,404	\$ 644.48		
Sep-21	10,404	\$ 681.50		
Oct-21	10,404	\$ 652.24		
Nov-21	10,404	\$ 681.05		
Dec-21	10,404	\$ 666.82	\$652.80	9.1%

Total Projection Trend: 9.1%

### Components of Trend:

Cost - Contracting Trend 3.7%  
 Cost - New Therapies 1.3%  
 Cost - Core Trend 3.0%  
 Utilization - Core Trend 0.8%

Component Cost Trend: 8.2%  
 Component Utilization Trend: 0.8%

### Final Pricing Trends (within reasonable range):

Pricing Cost Trend: 8.5%  
 Pricing Utilization Trend: 1.0%



# Highmark Choice Company (HCC)

## 2021 Small Group Rate Filing

Derivation of Change in Morbidity

Change in Morbidity Calculation	Reference	Formula	Calculation	
2019 Allowed Claims for those Members Expected to be Effective in 2021 [HCC ACA only, Western region]	(1)		\$ 366.80	*Note that these claims imply the same Network, Age, Area, and Induced Demand Characteristics as the Total Highmark WPA block
Calendar year 2019 allowed claims PMPM [HCC ACA + GM, Western region]	(2)		\$ 294.95	
<b>Change in Morbidity</b>	<b>(3)</b>	<b>=(1)/(2)</b>	<b>1.244</b>	*From '1 Data', cell M37

<b>CY 2019 Experience for all of Highmark's WPA Small Group ACA and Transitional business</b>	
2019 Member Months	514,805
2021 Expected Member Months	N/A
Percentage of Membership in 2021	0.0%
2019 Completed Allowed \$PMPM	\$478.40
2019 Age Factor	1.506
2019 Area Factor	0.970
2019 Induced Utilization Factor	1.138
2019 Network Factor	0.981

<b>CY 2019 Experience for those in Highmark's WPA ACA block at the end of the year</b>	
2019 Member Months	106,929
2021 Expected Member Months, Post Lapse	74,086
Percentage of Membership in 2021	66.9%
2019 Completed Allowed \$PMPM	\$539.02
2019 Age Factor	1.521
2019 Area Factor	0.971
2019 Induced Utilization Factor	1.131
2019 Network Factor	0.958

<b>CY 2019 Experience for Transitional business expected to move to the ACA by 2021</b>	
2019 Member Months	773
2021 Expected Member Months	775
Percentage of Membership in 2021	0.7%
2019 Completed Allowed \$PMPM	\$733.53
2019 Age Factor	1.550
2019 Area Factor	0.970
2019 Induced Utilization Factor	1.145
2019 Network Factor	0.992

<b>Assumed CY 2019 Experience for business that will be new to Highmark in 2020 and 2021. (Same as current block)</b>	
2019 Member Months	-
2021 Expected Member Months	35,856
Percentage of Membership in 2021	32.4%
2019 Completed Allowed \$PMPM	\$ 539.02
2019 Age Factor	1.521
2019 Area Factor	0.971
2019 Induced Utilization Factor	1.131
2019 Network Factor	0.958

<b>Total 2019 Experience for those expected to be active in 2021</b>	
2019 Member Months	107,702
2021 Expected Member Months	110,716
Percentage of Membership in 2021	100.0%
2019 Completed Allowed \$PMPM	\$ 540.38
2019 Age Factor	1.521
2019 Area Factor	0.971
2019 Induced Utilization Factor	1.131
2019 Network Factor	0.958

Factor to adjust the morbidity level from the total western PA block to the expected morbidity in HCC's average ACA block in 2021	0.794
Base allowed claims PMPM for Transitional and ACA business in 2019, rebate adjusted, excluding capitations	\$ 461.83
<b>2019 allowed claims PMPM for HCC ACA business in 2021</b>	<b>\$ 366.80</b>

Prescription Drug Rebates	\$ (25.78)
Hospital Settlements (VBR payments, claims paid outside of claim processing system)	1.019

2 year Lapse Rate:

30.71%

\*Capitations are excluded here, as we add the full amount of the capitation in at the change in benefits line.

Highmark Choice Company (HCC)  
2021 Small Group ACA Rate Filing  
Development of Change in Demographics Factor

	Projected Member Months	Age Factor	Allowed Claims	Reference
Full Year 2019 for those in ACA at EOY	74,086	1.521	\$528.94	(1)
Existing 1 to 50 Non-ACA in 2019 to ACA by 2021	775	1.550	\$718.06	(2)
New ACA Business in 2020 & 2021	35,856	1.521	\$528.94	(3)
Existing 51 to 100 Moving to ACA in 2020 & 2021	-	1.000	\$ -	(4)
ACA Business in 2021	110,716	1.521		(5) = 1/(SUMPRODUCT(B6:B9,1/C6:C9,D6:D9)/SUMPRODUCT(B6:B9,D6:D9))

BEP Age Factor	1.506
BEP Area Factor	0.970
ACA Business in 2021 Area Factor	0.971
Change in Demographics Factor	1.010

Age Factor Used for Rating at Prior Renewal
Age at Next Renewal (so prior renewal was 1 minus this age)
Active WPA ACA at EOY (All Dependents)
Active WPA Transitional at EOY Expected to Move to ACA (All Dependents)
All WPA Small Group Experience (All Dependents)

	0.765	0.765	0.833	0.859	0.885	0.913	0.941	0.97	1	1	1	1	1.004	1.024	1.048	1.087	1.119	1.135	1.159	1.183	1.198	1.214	1.222	1.23	1.238	1.246	1.262
Under 15	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	
	14727	1124	1065	1118	1106	1352	1274	1345	1185	1392	1663	1660	1647	1653	1866	1956	1887	1813	1933	2003	1904	1720	1786	1928	1856	1803	1513
	154.48	14.75	16.905	16.61	16.435	17.74	19.5	21.82	20.945	20.575	20.735	19.695	17.725	10.765	11.145	12.225	12.445	14.27	15.11	14.235	15.41	16.82	15.53	15.345	15.12	15.415	15.66
	73999	6545	6672	6788	7163	7713	7769	8527	8038	8306	8820	8490	7970	6054	7141	7227	7201	7358	7473	7656	8042	7710	7748	8138	7926	7948	7509

	1.278	1.302	1.325	1.357	1.397	1.444	1.5	1.563	1.635	1.706	1.786	1.865	1.952	2.04	2.135	2.23	2.333	2.437	2.548	2.603	2.714	2.81	2.873	2.952	3
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65+	
1788	1832	1555	1628	1910	1905	1824	1675	1820	1770	1694	1881	1979	2473	2074	2188	2255	2115	2016	2407	2307	2009	1969	1741	3835	
15.18	15.365	14.425	16.63	16.88	17.24	18.69	23.045	21.955	21.885	22.465	24.07	25.92	27.915	26.94	25.265	25.335	25.57	25.325	24.065	22.695	22.135	20.25	19.475	51.535	
7862	7701	7399	7753	7882	8297	8516	9645	9859	9816	9188	9625	10735	11198	11070	10396	10754	10594	11028	10727	9692	9069	8328	7800	17940	

## **Highmark Choice Company's Response to Objection Letter Dated 07/07/2020**

**Product Name:** HCC Small Group 2021 ACA Rate Filing

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**RE: HCC – 2021 Small Group ACA Compliant Plans (1A-SG-HCC-2020);**

**Pennsylvania Insurance Department ID #: HGHM-132381009**

**Objection Letter Status: Pending Industry Response**

**Objection Letter Date: 07/07/2020**

**Respond By Date: 07/16/2020**

**Response Date: 07/16/2020**

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Below please find our responses to the Highmark Choice Company (“HCC”, “Company”) Small Group 2021 ACA Rate Filing Objection Letter dated 07/07/2020. For convenience, the questions have been reproduced below, with our responses immediately following each question.

A supplemental exhibits file has been submitted along with this response. Please see the file named “PID Response Exhibits HCC 07162020.xlsx,” which contains additional exhibits and supplemental detail, as referenced in the below responses.

1. The data reported in worksheet 1 of the URRT Cells F32 – F35 should be for the filing entity and should be consistent with the Single Risk Pool Adjustments reported in Table 5 column C. The impact of the manual data should be reflected in cell F38. Please update.

**Response:**

The Company will make this change along with the updated filing submission that reflects the impact of Covid-19 consistent with the Department’s guidance (see Question #9).

2. The following questions relate to the response provided to question 9 from the objection responses dated 6/23/2020:

a. Please provide a detailed quantitative exhibit displaying the development of the 2019 and 2021 average benefit richness factors. In providing your response, please provide an exhibit displaying the distribution of members by metal for actual calendar year 2019 experience and projected

2021 members. Please demonstrate that the distributions align with the distributions shown on the 'Wksh 2 – Plan Product Info' tab of the URRT. If they do not align, please explain why.

**Response:**

Please see the worksheet titled "Question #2a" in the workbook submitted with this response. The benefit richness factor is applied after the age and area factors in the base rate development, so it is important to take the average benefit richness with respect to membership, average age factor in a plan, and average area factor in a plan, not just the membership. We calculated the 2019 induced demand factors with the new PID formula so there would not be false change in benefit richness caused by the formula change. Because we are only offering one plan in 2021, the average benefit richness factor calculation is just that of the single plan.

The 2019 experience will not match the URRT because it is based on all small group data in WPA, while the URRT only includes experience for HCC. The projected 2021 enrollment matches the projected enrollment on the URRT in the sense that there is only projected enrollment for that one plan.

b. Please update the trend support exhibit shown in the "Supplemental Exhibits" excel file to normalize for the impact of large claims (defined as the company believes reasonable for the purpose of trend analysis) for calendar years 2017 through 2019. If the average annual change in normalized allowed claim PMPM from 2017 to 2019 is lower than the filed 9.6% trend assumption, please provide quantitative support (including, but not limited to, expected increase in cost due to more expensive drug treatments and new technologies as specifically discussed in the response to question 1) demonstrating that the filed 9.6% trend is reasonable.

**Response:**

The Company's trend analysis and the supporting trend exhibits normalize for large claims by establishing a regression for the incurred large claim experience over time.

As discussed in the Actuarial Memorandum, to get to the adjusted allowed claims used for the development of the trend, the experience allowed claims for the Small Group ACA business is normalized for such effects as benefit leveraging, population demographics, changes in fee schedules, high dollar claims and external trend drivers. A statistical regression is applied to the historical claim levels to establish an appropriate starting point for the claims projection. The projection of claims would consider such

things as anticipated changes in in-network provider contracting levels, changes in out-of-network costs, changes in utilization from medical management programs, and changes in drug costs from impacts such as generic drug development and new drug treatments. By performing a regression study of the underlying trend on normalized claim levels, the Company is able to develop an appropriate base claim level for the projection period, which can then be adjusted for some of the known trend drivers. Please see the exhibit named “Question #2b” in the supplemental exhibits file submitted with this response for a reproduction of the Trend exhibit, with specific drivers identified.

Some of the specific items impacting our pricing trend of 9.6% (8.5% cost, 1.0% utilization) include:

- 3.7% due to changes in claims costs arising out of negotiated provider contracts
- 1.3% due to new treatment options anticipated in pharmacy claims from pharmaceuticals in the drug pipeline
- 3.8% due to underlying regression trend levels that would capture such additional items as provider cost-shifting, aging, and changes in utilization patterns

The average normalized allowed claims from 2017 to 2019 is 3.6%. While this is lower than the filed trend assumption of 9.6%, it would not be prudent to fully rely on historical trend levels to establish the projected trend, especially when consideration is made for the other significant items impacting trend discussed above. By performing a regression study of the underlying trend on normalized claim levels, the Company is able to develop an appropriate base claim level for the projection period, which can then be adjusted for these additional drivers of trend.

c. Please explain why the Company believes it is reasonable to utilize experience as old as calendar year 2015 experience in the development of the trend assumption instead of limiting the trend analysis to more recent experience that may better reflect the current state of the Company’s small group block (e.g., calendar years 2017 through 2019).

**Response:**

As discussed in the Actuarial Memorandum, and further expounded upon in the answer to Question #2b above, the Company’s trend assumptions are derived from a projection of allowed claim cost levels that consider the many factors that can impact the projected experience, including, but not limited to, such impacts as provider contracting changes, changes in utilization patterns, and changes in available treatment options. The historical

experience shown in the development of the trend assumption is analyzed to provide an appropriate level of support for the Company's regression analysis. Actuarial judgment is used to determine which time period is used to establish the appropriate window for regression. Wherever the more recent experience provides a sufficient base, it is utilized over any prior historical results.

3. The following questions relate to the response provided to question 10 from the objection responses dated 6/23/2020:

a. The morbidity adjustment discussed in the response to question 10 indicates the adjustment equals 1.493; however, the exhibit provided in the response to question 10 indicates that the morbidity adjustment equals 1.244, and the morbidity adjustment shown in Table 5 of the PA Rate Template indicates the morbidity adjustment equals 0.794. Please indicate which adjustment is correct and update the filing materials accordingly.

**Response:**

The 1.493 in the response document was erroneous and can be ignored. The other two morbidity adjustments are each correct in different contexts. The 0.794 factor can be used to adjust the manual claims to the expected level of morbidity. The 1.244 factor can be used to adjust this company's specific claims to the expected level of morbidity. Using either approach correctly will yield the 2019 claims PMPM that are at the expected level of morbidity in HCC in 2021, \$366.80 PMPM. Both of these factors and their use are demonstrated in the "Question #3" exhibit.

b. For each cohort (e.g., CY 2019 Experience for those in Highmark's WPA ACA block at the end of the year), please provide a detailed quantitative exhibit displaying the development of the assumed 2021 expected member months and describe the approach which was utilized to develop the assumption.

**Response:**

Our membership assumptions are sourced from Highmark's internal membership forecast, which is based on input from our Enrollment Forecast and Sales departments in determining reasonable expectations of lapse rates, new business, and transitions from our transitional block to our ACA block. This forecast considers items such as historical persistency, new business expectations, changes in market competitiveness based on anticipated rate relativities to other carriers, as well as the potential impact of movement



from Transitional business. Our internal forecast modeling has suggested a 30.71% lapse rate from 2019 to 2021, which is used to project how much of our current block will still be active in 2021. The starting point for the active cohort is the active cohort's 106,929 member months in the experience period.

For the Transitional to ACA cohort, we estimate this membership by assigning each group a probability of movement to our ACA market based on their indicated Transitional premium level relative to comparable ACA rates. The 2021 expected member months is an expectation calculated with respect to those probabilities. The transition probabilities are estimated based on historical transition rates at different premium relativities.

The amount of new business we expect is simply an assumption taken from our internal forecast modeling that is largely driven by our sales team's judgement based on their historical performance at similar market rate relativities.

c. Please provide a detailed quantitative exhibit displaying the development of the "Base allowed claims PMPM for Transitional and ACA business in 2021, rebate adjusted, excluding capitations" allowed claim cost PMPM figure.

**Response:**

This value was mislabeled. It should have read "Base allowed claims PMPM for Transitional and ACA business in 2019, rebate adjusted, excluding capitations". We have resubmitted the Question 10 exhibit (name "Question 3") with this fix, along with a calculation of that PMPM. It is the total 2019 experience PMPM in cell B14 with Value Based Reimbursement payments added in and prescription drug rebates applied.

4. The following questions relate to the response provided to question 11 from the objection responses dated 6/23/2020:

a. Please explain why the "changes in demographics" assumption shown in Table 5 of the PA Rate Template file indicates that the Company's block will increase in age from 2019 to 2021, but the Company stated in the response to question 11 that the "membership distribution is not assumed to change from 2019 to 2021".

**Response:**

The change in demographics factor is not indicative of a change in average age factor from 2019 to 2021. The change in demographics factor represents the known difference between the average age factor in the base experience and the average age factor of the active population at the end of 2019 that are expected to be in our ACA block in 2021 in this region. We assume that the 2021 age distribution will be the same as the age distribution of the active population at the end of 2019. Note that the change in demographics also includes the change in area factor, which follows the same logic as the change in age.

b. Please provide a detailed quantitative exhibit displaying the development of the “changes in demographics” assumption shown in Table 5 of the PA Rate Template file. In providing your response, please include the development of the calendar year 2019 average age factor underlying the calculation and demonstrate that the distribution of member months by age for the experience period is consistent with the distribution of member months provided in the response to question 11.

**Response:**

The change in demographics factor in Table 5 is for the manual data. Our response to question 11 was specific to HCC. These won’t be consistent for that reason. Please see the “Question #4” worksheet in the workbook submitted with this response for the detail behind the change in demographics factor. As mentioned in the response to 4a, it represents the change in age factor between the total 2019 experience and that of the members active at the end of 2019 that are expected to be in our ACA block in 2021. Note that the change in demographics also includes the change in area factor, which follows the same logic as the change in age factor.

5. Question and response redacted.

6. Please update the 2019 experience period risk adjustment amount in Table 2 to reflect the department calculated revised risk adjustment transfer amount sent to your company on June 30th 2020 or the final CMS transfer amount published on or before July 16th, if it differs from the Department calculation.

**Response:**

Table 2 of the Department's Actuarial Memorandum exhibits will be updated along with the updated filing submission that reflects the impact of Covid-19 consistent with the Department's guidance (see Question #9).

7. If the projected risk adjustment transfer amount in Table 5 will be modified, due to the final CMS transfer amount published on or before July 16th, please provide narrative and detailed supporting data to justify the proposed changes.

**Response:**

As discussed in the response to Question #5 above, the Company has some concerns regarding the appropriateness of the 2019 results for a basis of projection and does not intend to update its projected risk adjustment transfer amount due to the final CMS transfer amount.

8. As updates are made to the PAAM exhibits and the URRT, please ensure consistency between these workbooks as required.

**Response:**

The Company has compared the data and results in the PAAM exhibits and the URRT to ensure consistency. Any known issues in the workbooks (for example, the limited rounding capabilities of the URRT) are discussed in the Actuarial Memorandum.

9. On July 13th, the Department will communicate our guidance based upon updated survey information from the issuers on their best estimate of the Covid 19 impact on 2021 rates. Responses to the round two questions are due on July 16th. Please be sure that all documents in SERFF after that date reflect the impact of Covid 19 and are consistent with Department's July 13 guidance.

**Response:**

The Company will be submitting updated filing documents that reflect the impact of Covid-19 consistent with the Department's guidance within the timeframe agreed upon between the Company and the Department.

10. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, PA Plan Design Summary and Rate Tables and Federal Rates Template are identical.

**Response:**

The Company confirms that they thoroughly test the rates of each rate filing submission to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, PA Plan Design Summary and Rate Tables, and Federal Rates Template are identical.

11. Please ensure that the 7/16/20 versions of the following items are posted in SERFF with your July 16th response to this data call:

- Cover letter identifying all changes made and the reason for the change. Also show the revised rate change.
- PA Actuarial Memorandum
- PA Actuarial Memorandum Exhibits
- Departments Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values – no “NA”)
- URRT
- Federal rates template
- Part III actuarial memorandum
- Updated Rate Change Request Summary (Attachment 1)
- Public filing pdf with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits subsequent to the initial submission, in addition to all of the above items).

**Response:**

The Company will be submitting updated filing documents that reflect the impact of Covid-19 consistent with the Department’s guidance within the timeframe agreed upon between the Company and the Department. All above-referenced documents will be updated as appropriate.